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# The American Economic Review

VOLUME VIII, NO. 3

SEPTEMBER, 1918

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# The American Economic Review

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## RECENT DEVELOPMENTS IN THE BRITISH LABOR MOVEMENT

Observers in other countries nearly always find the British labor movement hard to understand. Above all else, they find it difficult to reconcile the enormous strength which British trade unionism appears to possess with the small accomplishment for which it has been responsible in the political field. Perhaps an understanding of this is less difficult for the American observer than for the observer from the Continent of Europe, since in some respects the American labor movement has the same characteristics. But whereas the avoidance of politics, or at least of definite political action, by the American trade union movement seems to be a result of deliberate policy, the British labor movement, including the great majority of the big unions, is active in politics, but has hitherto produced comparatively small effect. Even in the industrial field, the accomplishments of trade unionism generally seem to the outside observer meager in comparison with the strength which the movement seems to possess.

It will perhaps be held that I am expressing the view of a theorist when I say that in my opinion this weakness is the result of a lack of conscious theory or idealism. The British labor movement suffers as well as gains from having been the first of the great modern labor movements. It has had longer to grow, and in some respects this has given it great additional strength; but at the same time it has acquired many of the characteristics of old institutions. There is much in it that survives although it has lost its value, and it is almost as much hampered by vested interests as any other great institution of long standing. It is natural that Great Britain, as the first in time among the great industrial nations, should have first developed a strong trade union movement; and it was inevitable that, developing thus early, British trade unionism should have about it all the marks of gradual and experimental growth. The contrast, for example, between trade unionism in Germany or Belgium and trade unionism in Great Britain is extremely sharp. The German trade union movement and the Belgian trade union movement are

alike things created after a certain model, forming coherent systems in which each union and each organ of government finds its appointed place. This is because they were largely created as the result of a conscious theory of labor organization, and have behind them the lessons learned from the previous experience of Great Britain. British trade unionism, on the other hand, has grown up very gradually with progressive modifications designed to adjust it to changing circumstances. It has met difficulties as they have arisen, not, as a rule, in the light of a conscious or comprehensive theory, but in an opportunist spirit, and in the confidence that "sufficient unto the day is the evil thereof."

A very few examples will be enough to make this point clear. Trade unionism in the middle of the last century was almost entirely confined, apart from one or two industries, to skilled crafts. The trade union leaders of that period generally regarded the creation of stable combinations among the less skilled workers as a quite visionary idea. It seemed to them that the skilled crafts alone had sufficient intelligence, sufficient community of interest, and sufficient power for common action to be able to form effective organizations. The coming of socialism in the early eighties introduced for the first time a theory of a wider character.

The Dock Strike of 1889 and the other strikes of that period proved the possibility at least of temporary combination among the less skilled workers, but even when the new movement of organization was at its height the leaders of the established trade unions of skilled craftsmen shook their heads, and announced that in a few years at longest the wave of organization would pass, and the unskilled relapse again into chaos. The established unions showed no tendency to widen their ranks to admit the unskilled. They might sometimes lend a helping hand to the unskilled in a particular struggle; but they regarded the efforts of the unskilled for emancipation, if not with indifference, at least with considerable skepticism. The result was that the unskilled workers were necessarily driven to form new combinations of their own, apart from those of the skilled workers, and dominated in a far greater degree by the newer ideas, and particularly by the socialism which was then, for the first time, becoming popular. The work begun by the Social-Democratic Federation and William Morris's Socialist League was soon taken up on a larger scale by the Independent Labour party; but for a long while still the skilled unions remained aloof, and, though they admitted the unskilled to the

Trades Union Congress, were by no means converted easily to the new ideas.

Nevertheless, the new ideas did by degrees make headway. The Trades Union Congress began to pass more and more socialistic resolutions, until gradually the obvious distinctions between unions of skilled and less skilled workers became less marked, and the acrimonious disputations of the congress in the early nineties became only a memory. Organization among the less skilled workers did, indeed, to some extent recede; but it soon became clear that, even if the great wave of organization of 1889 had been partly temporary, at any rate the general labor unions, including the unskilled workers, had come to stay and must be recognized as an integral part of trade unionism.

With this recognition, however, the distinction did not disappear; the unskilled workers remained for the most part organized in separate societies. These societies, when they became formally established, themselves took on much of the narrowness of the craft unions, and lack of skill itself came to be regarded, in the minds of many of the leaders of the general labor unions, as almost a craft. The General Labour Union became a craft union of workers without craft.

The absorption of the less skilled into the ranks of trade unionism represented a big advance; but, as we have seen, it did not annihilate distinctions, but merely created a new one. The trade union movement remained, even after the absorption of the less skilled, not so much a single organization of the whole working class as a vast complexity of independent organizations united on a certain limited range of general issues, but still regarding one another on many questions with considerable suspicion and mutual intolerance.

This position largely remains at the present time. The trade union movement in Great Britain is still without coherence or system in its organization; it still consists of about 1,100 separate trade unions, coördinated and federated in many different ways, but still competing and overlapping to a most regrettable extent. Demarcation disputes between skilled trades concerning the class of work which each trade claims as its own are regrettably frequent, and in the matter of membership not only are "demarcation" disputes constantly arising as to the particular union which a given class of workers ought to join, but there are in many cases half a dozen different unions endeavoring to

organize exactly the same class of workers. The effect of this weakness upon labor in the industrial sphere is too obvious to call for mention. In the industries in which the overlapping is worst there are always a sufficient number of internal quarrels in progress to make common action in the face of the employers exceedingly difficult. This applies particularly to the engineering industry, which has been the storm center of the last few years.

Moreover, the outstanding feature in trade union development during the war period has been the renewed growth of the general labor unions. This was, indeed, in full swing before the war, and dates from the beginning of the years of industrial unrest from 1911 onwards; but after a temporary check at the beginning of the war the process of growth has gone on with increasing rapidity. The Workers' Union, the most hustling of all the general labor unions, has grown from a membership of 5,000 in 1910 to one of at least 350,000 at the present time. The growth in other cases has not been quite so startling as this; but the big general labor unions have considerably more than doubled their membership during this period.

Along with this growth has gone a renewal of the sharp distinction between skilled and unskilled. The general labor unions are now united in a federation—the National Federation of General Workers—which has a membership of well over 700,000. This body is putting forward with increasing vigor the claims of the semi-skilled and unskilled workers, and is coming more and more into conflict with the vested interests and claims of the skilled craftsmen. Some observers hold that this conflict is destined to become more and more acute in a few years, but although the position is difficult, and undoubtedly the unity of the trade union movement is to some extent threatened by it, the present writer does not take any such alarmist view. There is nothing in the conflict of opinion between the general labor unions and the skilled craftsmen that could not be settled with ease by the application of a little reasonableness on both sides. Whether this reasonableness will be forthcoming no doubt depends very largely on the conditions prevailing immediately after the war; but, if these two sections of the workers can be reconciled (and such a reconciliation to be complete must of course include the women workers), the strength of the trade union movement will be enormously increased by it.

As in all other countries in which trade unionism has grown

strong, disputes concerning the basis of trade union organization have become increasingly frequent in recent years. The quarrel between craft unionism and industrial unionism will be familiar to readers in the United States of America, since they have seen a similar quarrel in progress inside the American Federation of Labor. British trade unionism has been dominated in the past by the craft unionist tendency, the legacy, as we have seen, of the early development of the movement in Great Britain; but there are certain groups which have long been organized on lines nearer akin to industrial than to craft organization. The miners, for instance, although it is only in recent years that they have become explicitly industrial in theory and practice, have always tended towards union by industry, while on the railways from the start a similar tendency has existed. In recent years, however, this tendency has become conscious in both theory and practice, and both the Miners' Federation in Great Britain, which is by far the strongest single industrial organization in Great Britain, and the National Union of Railwaymen, founded in 1913 by a fusion of three of the five railway unions, stand definitely at the present time for the industrial principle. On the other side are arrayed craft unions of very various types, from the closely knit craft organizations of the textile workers to the strong but overlapping and highly sectionalized societies in the metal trades. The craft unions in the cotton industry are indeed not craft unions in quite the same sense as those of the metal workers, since between them they do include the vast majority of the whole personnel of the industry. There is in the textile industry, as a rule, no sharp distinction of skilled and unskilled; and the main crafts, taken together, make up the great bulk of the industrial personnel. In the metal industries, on the other hand, there is a sharp division between skilled and unskilled; and the skilled workers, recruited by apprenticeship and highly jealous of their position as craftsmen, are, as a rule, clearly distinguished from the less skilled workers or handymen, who pass through no such definite period of apprentice training. It is true that with the development of large-scale machine production this distinction has become in some cases blurred; but this blurring has so far reflected itself in trade union organization only to the extent of intensifying disputes between the two groups, without producing any reconciliation between them. There are many advocates in the engineering trade unions and in the general labor unions of



"union by industry," including skilled and unskilled alike in the same organization; but we are still a long way from the realization of these hopes by the creation of industrial unions. The vested interests and prejudices of the skilled on the one side, and the less skilled on the other, form for the present an effective barrier to such a fusion of interests.

This may seem a gloomy picture of the present position of British trade unionism. Let me say that the gloom is largely apparent. Viewed from the standpoint of any theoretical system, the British trade union movement is merely an appalling chaos of contending atoms. In practice, however, many of the separate unions possess very great strength, and the internecine disputes between them are not pushed to the point of endangering the common good to any serious extent. Exposition in theory invariably stresses the chaos; practical experience brings out far more clearly the solidity of the organization.

It has been necessary to enter at some length into the general character of British trade unionism because an understanding of its character is of fundamental importance for an understanding of British labor, either in its industrial or in its political activities. It has been the essence of the British labor movement in the past that it has had no conscious or comprehensive policy, and this opportunism has been carried no less into the political than into the industrial field. The very entry of labor into politics was largely a matter of chance. The earlier labor members went into Parliament, not as a separate party, but as Liberal members who were at the same time, in some curious way, labor men. Gradually, as the numbers of these Liberal-Labor members of Parliament increased, they came to form a Parliamentary group, and finally in 1899 the growth in power of the socialist movement succeeded in forcing upon the Trades Union Congress the establishing of a distinctively labor political organization. The Labour Representation Committee, as it was then called, was formed in 1899, and played its part in the "khaki" election of 1900. It was not, however, until 1906 that the Labour party, as it had then become, counted for anything on the floor of the House of Commons.

It is worth while to pause for a moment to ask what this new-born, or reborn, party was like in 1906. First, there still remained outside it, and allied with the Liberal party, seventeen members of Parliament who belonged to the Miners' Federation

of Great Britain. These members acted with the Labour party to a considerable extent on industrial questions; but they had no formal connection with it, until in 1908 the Miners' Federation finally decided to throw in its lot with the Labour party. Even then several of the miners' members of Parliament refused to accept the leading of the federation, broke away from their colleagues, and remained attached to the Liberal party, and even since that date miners' M.P.'s have been returned to the House of Commons as Liberals in at least two cases.

Secondly, apart from this continued disunity in the ranks of labor, the Labour party itself consisted of very heterogeneous elements. At one extreme were the Socialists represented by the Independent Labour party, at the other the much larger body of trade union members representing great industrial organizations. The party did, indeed, achieve a temporary coherence at the time of the 1906 elections, on account of the threat to the whole fabric of trade unionism contained in the Taff Vale decision, by which the right to strike, if it was not taken away, was at least rendered largely ineffective. But this coherence by no means extended over the whole field of political action. There were still many points on which the Labour party had not a common policy; and even in regard to more distinctively industrial issues, each member still tended to look at political questions from the point of view, not so much of the community or of his own class, as of his own trade and of the organization he represented. This atomism of labor has often been expressed in the term "trade-consciousness." It has been said that the Labour party was not "class-conscious," it was only "trade-conscious." And there was, indeed, a considerable element of truth in the suggestion.

The reason is obvious, and is the very reason to which I have pointed several times already. Except on occasional issues, labor as a whole can unite only if it takes as its basis a comprehensive policy based upon a definite social theory. This the Labour party was hardly more ready to do than the trade unions themselves, and it reflected in the political sphere the opportunism and the so-called practicality of the industrial leaders. It is true that the socialist element in the party, represented by the Independent Labour party, does possess to a certain extent a constructive theory, and that this theory does impress itself upon the whole party to a limited extent; but there are causes which have made the influence of the Independent Labour party and of the Fabians

neither so far-reaching nor so penetrating as the circumstances of internal politics required.

In fact, the theory of the I. L. P. and the Fabian Society was exclusively political; they tended to regard all social questions from the point of view almost entirely of legislation and administration; in their eyes the cure for all social evils seemed to lie in the passing of the right laws by Parliament, and their administration in the right way. This is perhaps more especially true of the Fabian Society; but it is true also in a considerable degree of the Independent Labour party, upon which the doctrines of Fabianism had impressed themselves to a very considerable extent. The result was that in the Labour party there were two sections contending for mastery—the so-called socialist wing, and the trade union wing. The socialist wing had a theory which was too narrow in its appeal to convert the trade unionists; the trade unionists, for the most part, had no theory at all, and in many cases were only with difficulty to be distinguished from Liberals.

This dualism has dogged the Labour party from the very beginning, and has made itself felt in an even greater degree during the period of the war. The whole attitude of the Independent Labour party group during the war has differed from that of the trade unionists in exactly the way that might have been anticipated. Right or wrong, the I. L. P. has thought first of questions of principle, whereas the trade union group has still proceeded on a policy of opportunism.

Let us now try to look at the prospects of the party in the period which will follow the return of peace. Many and conflicting are the opinions on this subject which have been expressed by the various members and sections inside the party itself. Some have foretold the definite breakdown of the socialist and trade union alliance, and the appearance of two, if not more, distinct parties professing to speak for labor on the floor of the House of Commons. Indeed, until about a year ago it did seem that this outcome was highly probable; for the tension between the two sections was continually increasing, and was completed by the entry of labor representatives into the Lloyd George government. But during the past year a change has come over the position, and there has been a tendency amongst the more far-seeing elements on both sides to concentrate attention upon the

securing of united action commanding the assent of the largest possible majority of any sections of the party.

Unity was the keynote both of the Blackpool Trades Union Congress of September, 1917, and of the Labour Party Conference at Nottingham in January, 1918. The division of the party on the question of the Stockholm Conference was met, not by either side forcing an issue entirely favorable to itself, but by a compromise which commanded at least the assent, if not the enthusiasm, of both sections.

Of this desire for unity the "New Labour party" is the first fruit. The passing of the Representation of the People act, early in 1918, has confronted all sections of the community with an entirely new political situation, and it has become obviously necessary to recast political organizations if they are to correspond in any degree with the present needs. The reorganization of the party to fit it for its new task is being carried through in the face of very considerable difficulties; but there would seem to be no doubt, for the present at least, that the desire for unity among all the important sections is so strong that the reorganization will be successfully accomplished without serious difficulty.

The situation with which the labor movement was confronted was briefly this: the Representation of the People act placed upon the electors' roll at least 5,000,000 women, and at least 2,000,000 additional men voters. Clearly the existing machinery of trade unionism and of the socialist societies, which had been inadequate to cover even the old electorate, was quite inadequate to the new situation. The party had the choice between preserving its formal organization at the cost of failing to appeal to the new electors, and remodelling itself upon lines which would admit and attract the greatest possible number of these electors. Even those who regarded with considerable apprehension any further departure from the trade union basis of the party were compelled by force of circumstances to agree that drastic reorganization must be carried through.

It is indeed the case that the reorganization to some extent follows lines which had often been advocated even before the war. Advocates of Labour party reform had often dwelt upon the phenomenon which we have already noted—the "trade consciousness" of each particular group inside the Labour party—and its effects upon the "class consciousness," or "community consciousness" of the party as a whole. It had often been suggested that this could

to some extent be remedied by either or both of two methods: first, by a concentration of the funds of the party so as to place a larger proportion at the disposal, not of any particular trade union or other affiliated body, but at the disposal of the party as a whole; and, secondly, by the strengthening of local labor organizations, and the devolution of greater power upon the local labor parties. It is principally along the second of these lines that the actual reorganization is proceeding. The local labor parties, under the new constitution, become considerably more powerful, and also to some extent change their character. Individual men and women sympathetic to the labor cause, but not necessarily connected with any of the affiliated bodies, are to be allowed to become individual members of the local labor parties, which are to constitute special constituency organizations, ward committees, and the like, for the purpose both of conducting national and local elections and of stimulating interest in the party and knowledge of its principles in the widest possible degree. This proposal was criticized in some trade union circles on several different grounds: on the ground that as the unions pay the piper they were entitled to call the tune; on the ground that it would admit non-unionists into the party, and on the ground that it was merely another way by which the "intellectuals" hoped to stampee labor. It has nevertheless been endorsed by an overwhelming majority of the party, and has now become the official policy. None of the unions went so far as to oppose it when the time for a decision arrived.

The pivot, then, of the new Labour party organization is the local Labour party, which is to consist, in future, both of affiliated trade union, socialist, and other labor bodies, and of individual men and women, who may or may not be themselves trade unionists or socialists. Clearly this opens the door, as both critics and supporters have pointed out, to those persons who are known as "intellectuals," and these "intellectuals" will have an opportunity at last of making their opinions strongly felt in the local labor organizations. At the same time the new constitution is to a certain extent a compromise. Although it strengthens the power of the local labor parties, and admits individual men and women to them, and through them to representation upon the executive committee of the party, at the same time it leaves the decision of questions of policy in the hands of the great trade unions, which will still have an overwhelmingly preponderating vote at



the conferences of the party which finally decide the general lines of its policy.

What use will the new elements that have been admitted to the party be likely to make of their opportunity? Here we have mainly two classes of persons to consider—first the women and second the intellectuals, who may, of course, be themselves women.

The old organization of the party gave the women very little representation indeed. It is true that there are at least 600,000 women now organized in trade unions in England; but a large majority of these are in mixed unions, including both men and women, and as a rule these unions are governed principally, if not entirely, by the men members. The only union of any importance through which women make their voice felt either in the Trades Union Congress or in the Labour party is the National Federation of Women Workers. There is also in the Labour party a body called the Women's Labour League, a political organization of women attached to the labor movement. This has been in the past comparatively small, but under the new constitution it has been absorbed into the party machinery, and it is intended greatly to extend it, and to use it as a rallying point for women members whom it is hoped to attract. The importance of women in the next election will be obviously very great indeed, and all the parties are using every endeavor to attract them into their organizations. How far labor will succeed it is as yet impossible to say, but the strength of the rival campaigns which are already in progress seems to indicate some apprehension among the other parties.

The second element of importance is the intellectual element. Evidence comes to hand every day that an increasing proportion of professional men, members of the salariat in industry, civil servants, and above all soldiers of the middle classes, are sick and tired of the old parties and are seeking for a new allegiance. The question is how far these important elements, which are at present largely "at a loose end," can really be attracted into the labor movement, or will find themselves at home if they are temporarily attracted into it. The labor movement is, as we have seen, in many respects intensely conservative, not so much in its desire to conserve the existing order of society, as in its desire to conserve the institutions which it has itself built up within that order. There are not a few labor men who regard with apprehension the coming into what they regard as *their* move-

ment of men and women who are not of the same social class and have not the same social habits. They are afraid that if their movement is widened it will at the same time lose its distinctive character, even if it is not entirely in any sense "captured."

At the same time as the Labour party had under consideration its new constitution there was presented to it a Memorandum on future policy, entitled "Labour in the New Social Order." This has not yet been definitely adopted, but it is to come before the next party conference in the middle of the present year. This Memorandum bears in every line the evidence that it was written by no less a person than Mr. Sidney Webb. That is to say, it embodies in the new form, dictated by changes resulting from the war, the ideas of Fabianism—its insistence upon the extension of nationalization, municipalization, and state control, and its concentration upon the prevention or abolition of destitution. The present writer is not perhaps a good critic of such a document because, on questions of labor policy, he has long found himself in marked opposition to Mr. Sidney Webb and his Fabian colleagues, and to him it seems that the Memorandum upon "Labour in the New Social Order" is very much a case of pouring old wine into new bottles. Within its limitations Mr. Webb's Memorandum is comprehensive enough. It demands taxation of a drastic character, it demands a levy upon capital of a considerable amount, it would involve the expenditure of vast sums upon social reforms designed to mitigate the hardships of the industrial system, but exactly what it lacks is the note of imagination. Mr. Webb is still obsessed by the power of administration and legislation; he still conceives, as the Fabians have always conceived, that the solution of the social problem can be expressed in acts of Parliament, and in a Fabianized civil service. He does not strike the note which will really bring a new spirit into the labor movement.

It is, however, upon the striking of this note that the success of the new Labour party ultimately depends. There has been for some time stirring in the rank and file of the workers themselves a growing aspiration towards a social order which shall be really new. The driving force behind this idea is not the abolition of poverty; it is the realization of freedom. But of freedom, I fear, Mr. Webb has very little real conception. He still conceives the mass of men as persons who ought to be decently treated, not as persons who ought freely to organize their own conditions of

life; in short, his conception of a new social order is still that of an order that is ordained from without, and not realized from within. The new movement in the ranks of labor has so far found little or no political expression—it has been mainly an industrial movement, resulting from, or at least aggravated by, the oppression of workshop conditions. It has expressed itself in revolt against current industrial legislation, against both the Insurance act of 1911 and the Munitions acts of the war period, but it has been far more than a reaction against oppression. It has also been a positive assertion of the right of the workers to take into their own hands the ordering of their own lives.

We too often speak of the intellectuals as of a distinct social caste, clearly separated from the ordinary working man. But in fact one of the most significant developments of recent years is the growth of culture amongst the working classes themselves. In the face of very considerable difficulties the spread of education amongst the workers during the last decade has been very great indeed, and adult working class education was continually gaining ground before the war, and has not even been put back by the extraordinarily difficult circumstances which the war has brought into being. This new working-class education is in many respects unsystematic, and even in violent conflict with itself. At one extreme it is preaching the idea of purely working-class culture, clearly distinct from bourgeois culture, and expressing what the French syndicalists would call *les idées prolétariennes*.

This movement towards an exclusively working-class culture is largely in the hands of a body called the Central Labour College, with an auxiliary propagandist organization called the Plebs League. Its activity in South Wales has been analyzed from an unsympathetic standpoint in the reports of the Commissioners on Industrial Unrest who were appointed in the summer of 1917—reports which have been recently republished by the United States Bureau of Labor Statistics and are therefore accessible to the American reader.

The Central Labour College itself has been compelled by the exigencies of war to close its doors to full-time students; but it is still conducting with increasing vigor classes in many provincial towns, and in these classes it preaches the ideas of "industrial unionism," and teaches Marxian economics and the Marxian conception of historical evolution.

Side by side with this class-conscious educational movement

is the larger movement organized by the Workers' Educational Association, and acting in coöperation with special committees set up by the universities. These Tutorial Classes set out with an attempt at education from a non-sectarian and non-party political point of view; but the students trained in them are for the most part active members of the industrial and political labor movement, and certainly as training grounds for active labor workers and officials they have so far proved not inferior to the classes of the Central Labour College. A violent conflict rages between these two organizations; or rather the Central Labour College directs against the Workers' Educational Association a constant and bitter attack. It accuses the W. E. A. of being a reactionary body, designed not to "foster class consciousness" among the workers but to convince them of the righteousness of *bourgeois* economics and *bourgeois* history.

It has been necessary to dwell upon this quarrel because it is to some extent the key to the internal ferment that is in progress in the ranks of labor, at least among the younger men. Unless we understand the nature of this ferment we shall be likely to misunderstand the new developments in the labor movement itself.

It is not perhaps generally understood, even in this country, how much ground the extremists in the labor movement have gained during the last two or three years. They are still, no doubt, an insignificant minority if their strength is estimated purely by the counting of heads, but their influence in the labor movement has undoubtedly increased to a very great extent, and the counting of heads produces most misleading results. The theory of the dominance of a conscious minority, so often preached by the French syndicalists, is, indeed, not so much a theory as a fact. Labor is bound to be dominated by a conscious minority, and the minority which is most conscious is most likely to secure domination.

The extremist movement owes its strength to ideas and its weakness to lack of ideas. It is gaining ground to the extent to which the younger men connected with it are acquiring a theoretical position of their own, and a culture of their own on which this theoretical position is based. It is weak in so far as even the majority of those who are active among the extremists have as yet developed this culture and this theory only in an imperfect degree. The spread of classes, and the desire for a better understanding of the industrial system, and of the growth of modern

society, are the signs of the real driving force behind the movement; and those who are truly the leaders of the new movement are fully alive to the need for basing it upon a culture and understanding of its own.

Doubtless there is much in this culture and in the teaching of the Central Labour College, the Scottish Labour College, and other educational bodies that have arisen during the last few years, which is not of permanent value or of absolute truth. The new culture is, in many of its manifestations, narrow and intolerant: it is preoccupied entirely with its own immediate problems, and it has the tendency of the untrained mind to twist facts to fit its own point of view. This is, indeed, at the present moment its greatest handicap. Its apostles are often so sure that they have the whole truth, and that no one before has had anything at all of the truth. This weakness, this "half-baked" character, as some would call it, of the new proletarian theory, blinds many to its real value and importance. They see its crudities; but they do not see that in spite of them it is sincere and in essence truthful. It is too violent a break away from traditional theories and ways of looking at facts to appeal to the majority of those who have been very much in the midst of such theories. It must, however, be remembered that the majority of the working class have not been brought up among theories at all; or, if they have been dominated by theories, at least they have not known that they were being so dominated and have not been used to the regular criticism and analysis of their presuppositions. Hence, the new gospels and the new proletarian teaching come to them with a forcible appeal. They see the compelling nature of the interpretations put before them, and they are not too critical of the substratum of fact upon which these theories are based. They do not mind the narrowness and the intolerance, because they have had too little chance of being broad themselves, and because tolerance is not a virtue they have too often met.

Even then, if we admit that the new "proletarians" have not found a new and essential form of truth, we can, nevertheless, already see that they have opened up a new avenue of thought to many of the younger men in the working classes. Their theories will become less rigid and definite as time goes on. Their scientific analysis of capitalism will acquire some of the elasticity which all real science possesses. Their narrower criticism will fuse with the wider culture of the past; but their service to the labor move-



ment will, for all that, have been a very real one; for they will have brought to labor education a new force and a vitality which it sadly needed.

It must not be understood that this force is in any sense lacking in many of the classes conducted under the auspices of the Workers' Educational Association. It is indeed most manifestly present in them, and often in forms less crude and narrow than in the classes of the Central Labour College; but the W. E. A. as a whole has no such coherence or uniform point of view as gives its strength to the C. L. C. It is rather a medium through which good teaching work and good learning can find expression, than a driving force of the nature of the C. L. C.

An important question of the immediate future is how far the various streams of influence which we have been analyzing will succeed in uniting themselves into a greater whole. How far will the new Labour party, for instance, be able to shake off old catchwords, and to ally itself with the newer tendencies of the rank and file; and how far will the rank and file movement be able to accommodate itself to the necessarily slower pace of official labor? How far, again, will the great trade unions be able to rid themselves of their clogging conservatism and to ally themselves with the official movement which makes an increasing appeal to their own younger members? In short, how far is a united labor movement possible?

I do not believe that the reconciliation will be easy; but I do not believe it to be by any means impossible. Clearly, the chances of it will depend to a large measure upon external circumstances. If the pressure from outside is great, the Labour movement may well be forced to unite in self-defence. If the issues in industry after the war are sufficiently big to call for it, united action may become imperative. But, apart from these external forms of pressure, there is hope from within. As we saw, the present tendency in the trade union world is largely centralist; the two extremes tend to converge in times of danger upon a large center party. If this center party can get a comprehensive program, inspired by new ideas, and at the same time capable at least of partial translation into an immediate policy, it has a great chance of rallying all except the irreconcilables on both sides. Doubtless there are certain born Left Wing men who will remain outside any consolidated movement. Doubtless there are also some of the Right Wing, temperamentally averse from extreme courses

and long views, who will be permanently lost to labor—if, indeed, their secession is to be regarded as a loss; but the great mass of the movement, and, above all, of its leaders, belongs to neither of these categories. It will take a lead if the lead is courageously given.

The program at present outlined by the new Labour party by no means fills the bill; but it must be remembered that so far the party is in its infancy, and has necessarily had to concentrate mainly on questions of internal organization. Circumstances have led it inevitably to place more power in the hands of its local bodies. This is all to the good; for it is in the local bodies that the new ideas are principally germinating. When the period of organization is past will come the period for the framing of a new and comprehensive program, and then possibly some of the older leaders will get the shock of their lives; for the ideas which are being preached through the country by propagandist bodies of many kinds are bearing fruit rapidly. The principal of these ideas, so far as influence goes, is the idea of the control of industry. It is hardly possible to find a local labor meeting of any importance at which questions of after-war policy are being discussed, without finding that the discussion at once switches on to this question. It may begin with a discussion of wages, or hours, or the reinstatement of trade union conditions, or the removal of compulsory arbitration, or any other of the hundred and one immediate problems that the war has raised for the working class; but as soon as it gets to remedies invariably some one will stand up and insist that the key to the situation lies largely in the measure of control which the workers are able to exercise over industry. He will appeal to the trade union movement to fit itself for the task of supplanting capitalism in the control of industry; he will urge that nationalization by itself, or municipalization, will effect no radical change in the status of labor; and he will affirm that what the workers really want is a greater control over the workshop and over industry as a whole.

This ferment of ideas has, indeed, found recognition among the apostles of the existing order. The Whitley Report, issued by a government committee, and endorsed by the War Cabinet itself, is a tribute, if an unsatisfactory one, to the new demands. The *Times* has written leading articles and special articles again and again to show how the new claim may be granted in seeming, without any real change in the industrial order. The working-class

demand for a growing measure of exclusive control over industry has been freely countered by the offer of a partial and limited joint control by employers and trade union representatives.

I am not concerned here with the value or merits of these suggestions from government and journalistic quarters. I am concerned only with the real character of the labor demands. This is no doubt to some extent imperfectly articulate. It is a demand for control; but often there is no concrete understanding of what is meant by control and no detailed program for securing control. Essentially, however, the demand is not for any alliance between capital and labor, or for any sharing of control and responsibility between them, but for an actual transference of some of the power of capital to working-class organizations. The point is that the real labor claim is not for joint control, but for a transference of control.

This movement towards control among the rank and file of the workers has found its principal expression in what is known as the shop stewards' movement. There has grown up, principally in the engineering industry, a robust organization during the war inside the workshops themselves. The trade unions, partially disarmed as the result of war conditions, have no longer through their old forms of organization met the needs of the time, and the workers in each factory or workshop have felt the need for representatives more in touch with their need and immediate grievances and more capable of voicing immediately their point of view. They have, therefore, chosen to represent them the shop stewards, and these shop stewards have often formed works committees, and shop committees within a factory, and even, in many cases, workers' committees extending over most of the factories in a district. This new organization has been for the most part unofficial in character, and has not, except in isolated cases, received explicit recognition from the trade unions concerned, although the trade unions are now beginning to take the matter in hand, and to endeavor to regularize the position of the shop steward, and give him definite functions under their rules.

The shop stewards' movement suffers from the weakness which is almost invariably found in an organization created so rapidly, and with so few resources at its back—its personnel is still in many cases defective. It is improvised just as the war departments of the state are improvised, and we know what opportunities for human fallibility such improvisation affords. But despite its

weakness the shop stewards' movement is a really vital movement, certainly destined to persist, not wholly in its present form, but in a form not essentially different. It has found the missing link in trade union organization and the more democratic character which it contributes to trade unionism will undoubtedly survive the circumstances which called it into being.

Organization based upon the workshop is closely connected with the policy of control. Control by the workers over the workshop necessarily calls for an organization embracing the workshop, and such an organization tends reciprocally to call into being the policy of control. This has been constantly seen during the war period. A shop stewards' movement may have come into being in consequence of some immediate grievance, often of a quite minor character; but every such movement, and indeed every rank and file movement, whatever the form it takes, as soon as it gets down to reflection upon its position, adopts a policy which places control in the forefront of its demands.

Theoretical sanction for the demand for control is no doubt often lacking; but theoretical movements centering round the idea of control are by no means lacking. Among the proletarians the industrial unionists have long advocated this policy, while for the last decade or so there has been a growing group of "National Guildsmen," or "Guild Socialists," who, in this respect, adopt a similar policy. It is true that there is a wide difference between the industrial unionists and the guild socialists: the industrial unionists seek the abolition of the state, and the substitution of a purely industrial society; whereas the guildsmen affirm the necessity of a democratic state, side by side with a self-governing organization of industry, based upon the idea of workers' control. The guild movement has, to some extent, a *bourgeois* origin, and this makes it suspect among the more extreme proletarians. It has, moreover, gained an increasing hold over many of the younger trade unionists, and in the long run its ideas are probably more likely to make headway than those of the Marxian industrial unionists. At any rate, it forms a far more possible rallying point for labor forces, since it is neither so dogmatic nor so exclusive in its tendencies as industrial unionism. It commands the allegiance, moreover, of a growing proportion of the younger intellectuals in the labor movement; and if, as seems probable, these are destined to play a far more important part in the future of British labor than they have played in the past, the current should set

in favor of guild socialism. In the opinion of the present writer this is the probable course of events; but it must be recognized that labor in Great Britain has intensely conservative characteristics, and that it will be very difficult to shake the established trade unions out of the ideas of the last century.

If the trade union movement cleaves to old ideas, industrial unionism in its extreme forms will gain ground as a reaction against it. If, on the other hand, the trade union movement as a whole adjusts itself to the new tendencies, the probability is that guild socialism, or something like it, will be the form which its new orientation will take. It is too early yet to say which of these two tendencies will prevail. If the present writer believes that the second has the best hope of success that is perhaps partly because he is himself a National Guildsman, and partly because he is, by nature, an optimist. Time, and the pressure of external events alone will settle the issue.

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## THE AGRARIAN MOVEMENT IN THE NORTHWEST

In the summer of 1916 the Farmers' Non-partisan Political League of North Dakota nominated a complete state ticket. In the November election that year this same league elected the governor and all other state officers, save one; also three of its candidates for justices of the supreme court (the court consisting of five judges); a safe majority of the house of representatives of the state; and nearly all of the candidates for the four-year term in the senate. Since state senators are elected for four years, one half retiring every two years, it is obvious that the league was now put in complete control of the executive and judicial branches of the state government and would have been in complete control of the legislative branch had it not been for the "hold-over" senators.

Why this sudden flare-up of agrarian discontent? What has it accomplished thus far? What is the outlook for the future of this movement? These questions deserve consideration.

To those acquainted with economic, social, and political conditions in the grain-growing section of the Northwest during the past dozen years it was evident that the stage was all set for this movement several years ago. The genesis of this movement is both easy and interesting to trace.

### *Economic, Political, and Social Conditions*

The "Northwest," in the narrow sense in which it is used in this article, means that "hard spring wheat" district of which North Dakota is the center, and which includes, therefore, the three Canadian prairie provinces of Alberta, Saskatchewan, and Manitoba, as well as parts of the states of Montana, South Dakota, and Minnesota. The economic life of this region is very simple. It is all based on wheat. The banks, the railroads, the few simple industries of the villages and cities are all dependent on the wheat crop for their very existence. It is a one-crop section. It is therefore a section of large farms. Local flour mills have not been developed to form a market for this grain. In Kansas, in contrast, which is the leading wheat state, local flour mills buy the bulk of the crop. But the North Dakota wheat crop not only goes far to market, but goes into another state. It finds its way to the great mills of Minneapolis or to the exporters at Duluth. And in Canada the wheat fields are even

farther from the market, which is Winnipeg. A market so far away from the farmer gives rise in him to two powerful psychological conditions concerning this market—ignorance and superstition. The evils in the terminal market machinery—and no market machinery is perfect—become magnified manifold. Again, in this Northwest, where land is plentiful and cheap, capital is scarce and interest rates are high. The farmer is pioneering under hard conditions; and yet, although a high per cent of the farmers succeed, a small margin more or less in the price of his one crop may mean the difference between paying his mortgage or being closed out, between success or failure.

The social life of the farmer is not one of isolation, but just the reverse. He has more neighbors than has his New York City cousin. The wheat farmer is busy only at seeding time, and at harvest and thrashing time. He belongs to one or two farmers' clubs. He has one or two farm papers—real farm papers, that meet his local needs. He has his church papers and at least one daily paper. His mail is brought to him daily by the rural mail carrier. Every farmer, of course, has his rural telephone. He makes a weekly visit to the nearby village, or to the more pretentious "county seat" if he owns a Ford, and practically every prosperous farmer has his motor car. The winter season is long, but farm labor is lightest then, and this is the season for public meetings and conventions on every possible subject. This is the season when the farmers do most reading. A very considerable number of farmers move into town for the winter or even travel in the South. The dominating nationality in North Dakota is Scandinavian—particularly Norwegians, Danes, and Icelanders. This is a very substantial and thrifty stock. In their mode of thinking they are described, by their friends, as "independent" and "firm"; by their critics, as "radical" and "stubborn." In politics this element is without question absolutely independent, as was evidenced by the fact that for three successive terms they chose an Irishman for governor, who differed from them not only in nationality but also in religion and politics. Here was a strong Republican state honoring a Democrat with three terms in the executive chair. Following the administration of John Burke, the governorship fell into the hands of the Republican candidate once more, a prominent banker. As usually happens in such cases, the charge of representing the "old gang" was promptly brought against him. Vague though the charge was, it was des-

tined to come into use later with great force when the farmers' movement entered politics.

The Canadian provinces have, of course, the same economic environment as North Dakota. The political life for the past dozen years was very much the same there, the farmers feeling that their lawmakers came from urban communities and were, therefore, representative only of industrial, financial, and transportation interests. The social life in Canada, however, is made up of somewhat different race admixtures. Stock from the British Isles predominates, with the canny Scotch much in evidence. And a few hundreds of thousands of American farmers of our best and purest pioneering stock have emigrated to that section, becoming loyal Canadians. In short, western Canada is peopled with settlers of great physical, mental, and moral vigor.

This hasty sketch of the environment of the agrarian movement must necessarily omit all but the larger factors involved. It is pertinent to mention one other factor, however, which figures in the story; namely, the so-called "Twin City" rivalries which unhappily separate respectively Superior-Duluth and St. Paul-Minneapolis. Minneapolis and Duluth are important grain markets; Superior and St. Paul are not. The significance must be shown later.

### *Setting the Stage*

The first step in setting the stage for the agrarian movement was to focus all discontent on the grain trade. This was not the task of any one man. Far from it. For instance, the bankers of North Dakota had an important part, unconsciously, in crystalizing sentiment on terminal grain market problems, particularly the terminal elevator question. Looking back over the field now it is easy to trace, step by step, the focusing of feeling on the grain trade. It will be necessary to trace side by side the Canadian and the American state of mind, and to contrast the "self-help" theory developed in one case with the "state-help" theory developed in the other case. To make the matter sufficiently concrete, dates and facts will be cited.

*In Canada.* A chronology of the Canadian feeling on the grain trade runs as follows:

1899.—Royal Commission appointed by the federal government of Canada to "investigate," and to "recommend legislation." The commission found that the grain outlet for western Canada

was over one railroad exclusively; that all country elevators were "line" elevators built on sites leased from this railroad; that farmers could not obtain cars to ship otherwise than through these elevators; that the farmer was forced to accept the weight, grade, dockage, and price offered him. In short, here was a complete and unregulated monopoly.

1900.—Manitoba grain act passed by federal government, providing for administrative regulation of the grain trade through a warehouse commissioner; also providing for loading platforms for farmers; but not requiring roads to furnish cars.

1901.—Farmers' Grain Growers Association organized in Saskatchewan, out of which movement later grew the United Farmers of Alberta and the Grain Growers' Association of Manitoba.

1906.—Royal Commission appointed by the federal government. Railways now forced to build loading platforms wherever ten farmers desire it and to furnish cars in turn, as shown by a "car-book" of requests at the local station. The car-book law worked, and that evil was cured.

1906.—Grain Growers' Grain Company organized. This company furnished a central selling agency for the Manitoba farmers. In the bumper crop year 1915-1916 this farmers' company handled 48,000,000 bushels of grain. It later (in 1917) amalgamated with the United Farmers of Alberta, assuming the name of United Grain Growers. The United Grain Growers own and operate 278 country elevators, and 3 terminal elevators. They have a paid-up capital of \$1,800,000 and a surplus of \$1,250,000. The company operates a coöperative supply department as well as a coöperative selling department, and now does the largest coöperative business on the American continent. It is an organization of farmers, on the self-help basis.

1906-1910.—Fight with the Winnipeg Grain Exchange. Farmers forced out of the exchange. They fight both in the courts and in the legislature. Both the Saskatchewan and the Manitoba farmers now have seats on this exchange and do business as the other members do. Harmony prevails.

1908.—*Grain Growers' Guide* is established as the official organ of the Grain Growers' Grain Company.

1910.—"Siege of Ottawa." Eight hundred farmers go in a body to Ottawa and present their demands for government-owned terminal elevators to Premier Laurier.

1910.—Manitoba government adopts policy of government-

owned country elevators. Policy is carried out by a corrupt government and the experiment becomes a costly failure. It is abandoned in 1912, and the farmers (Grain Growers' Grain Company) take over the houses on a lease.

1910.—Royal Commission, Province of Saskatchewan, known as the "Elevator Commission." This commission made one of the most comprehensive reports ever made on the grain trade, going at length into all the charges against the existing system of marketing grain. The country elevator problem is sharply distinguished from the other parts of the system. The Winnipeg Grain Exchange is considered a genuinely competitive market. The questions of terminal storage, mixing, sampling, and transportation, the commission leave to the federal Parliament. In the country elevator problem they weigh the two proposals of government ownership versus coöperative ownership. Ownership and management by the state they reject. Ownership and management by the growers of the grain they accept. Their scheme, involving financial aid from the province, was adopted, and the Saskatchewan Coöperative Elevator Company was organized. Farmers furnished 15 per cent of the capital and borrowed 85 per cent from the province. This coöperative company now owns and operates over 250 country elevators.

1912.—Canada grain act passed, providing federal inspection and federal regulation.

1914.—Royal Commission, Province of Saskatchewan, known as the "Grain Markets Commission." Their report covers the cost of marketing wheat, from the country elevator to the Liverpool market, and is designed to discover "ways and means for bettering the position of Saskatchewan grain on the European markets." Endorsement is given to coöperative ownership of country elevators, and to Dominion ownership of terminal elevators. The suggestion is also given that a watchful eye be kept on the large Dominion terminal elevator at Port Arthur, and on the farmers' coöperative terminal elevator at Fort William, in order to have "inside information" on these experiments.

Excited feeling over the grain trade in Canada gradually subsided after this last Royal report. Coöperation was now a going success. Other matters came to the fore. One more event of first magnitude must be chronicled before dismissing the Canadian aspect of the case. In 1910 the so-called Canadian Council of Agriculture was formed—an institution conforming in general

outline to what that able fighter, David Lubin, has so long wrought for in vain with us under the forbidding title of "Landwirtschaftsrat." The Canadian Council of Agriculture is composed of the executive officers of nine great farmers' organizations representing all the provinces from Ontario to Alberta. A permanent secretary maintains an office in Winnipeg. When the council was first organized, its attention was confined to the activities of the grain growers' movement. The council has encouraged the farmers to organize for the study of educational, economic, social, and political problems; it has constituted a medium through which its membership may act collectively; it has established a bureau for collecting and disseminating information on rural welfare; it has provided the machinery for formulating demands for legislation. In short, the council has secured wise leadership of the farmers, by the farmers, and for the farmers. It is therefore highly significant that when we turn to the "farmers' platform" adopted in 1917 by the Canadian Council of Agriculture, we do not find one word about the grain trade.

*In the United States.*—During these years, the same evils were complained of in the United States. A feeble attempt was made at coöperation, but no solution was found. Instead of a "Council of Agriculture" to produce leadership from the ranks of the thoughtful farmers themselves, we find a group of self-appointed leaders, non-farmers, taking advantage of the grain situation to organize a general movement for government ownership.

The growth of the "state of mind" on the grain question must now be chronicled for our Northwest, citing only a few of the better-known pieces of evidence. And, strangely enough, we may begin with the bankers—that conservative element in our civilization.

1906.—The North Dakota Bankers' Association send a committee to Duluth to investigate abuses in the grain trade there. The North Dakota bankers are the watchdogs of the farmers' economic welfare, and the grain trade is a matter of their most jealous care. Weighing, inspection, and grading, and other features of grain handling at Duluth are criticised, and these matters are brought officially to the attention of the next state legislature. It is only fair to state, in passing, that business interests in Duluth saw in this investigation some of the work of would-be rivals in the twin city of Superior. While this is not a pleasant matter to speak of, candor requires that it be mentioned.



1907-1915.—The Equity Society of Farmers. The bankers started the grain "fight," but it was the Equity Society that continued it with the farmers and made of it, in the end, a matter of such feeling and frenzy that it became a sort of religion. In the year 1907 there came into existence a selling association in the state of North Dakota, of members of the Society of Equity. This society aimed to foster coöperative grain marketing; but, unlike the Canadian movement, it adopted a highly decentralized and hence inefficient form of coöperation. This selling association first arranged to sell the grain consigned to it at Minneapolis, through a grain dealer there, Cooper by name. Later the association became incorporated, under North Dakota laws (1911), as a grain commission company, and assumed the name of The Equity Coöperative Exchange. Little attention was paid to this Equity "exchange" by the Minneapolis Chamber of Commerce until August, 1912, when one George S. Loftus became its sales manager. This Loftus, since deceased, was by far the best known figure among the farmers of the Northwest, both by reason of his forceful and masterful personality and also the relentless vigor, bitterness, and recklessness of his fight against the Minneapolis Chamber of Commerce. Thanks to his pyrotechnic speeches about the country, the farmers gradually came to believe there was a "Grain Combine" (as Loftus always called the Minneapolis Chamber of Commerce), and that the farmer was being robbed by it. At this juncture, it now appears that the Chamber of Commerce made a tactical blunder, for it began to fight back. On October 8, 1912, a resolution was passed prohibiting the members of the chamber from selling grain for any corporation, when by so doing the shipper of the grain would be required to pay a double commission, or be otherwise deceived as to the conditions under which such grain was sold. Since the Equity commission house was widely advertising itself as a "Grain Exchange" and was, in some cases, selling grain on a double commission (*i. e.*, through another commission house), this resolution did hit it with considerable force. The Equity, in 1914, moved over to the twin city of St. Paul and increased the fury of its fight against the Minneapolis institution. It is, of course, superfluous to add that in this warfare certain moral and financial assistance was rendered by the St. Paul business interests. The Equity now decided that its life depended on destroying the Minneapolis Chamber of Commerce and building up in the rival city

a new grain exchange. Water power made Minneapolis the world's greatest milling center. The mills and railroads made it a great grain market. Duluth is an export grain market by reason of the harbor on Lake Superior there. The Equity built in St. Paul a small terminal elevator, owned by the same corporation, which calls itself the "Equity Coöperative Exchange." This project was financed largely by farmers' notes. The Equity fight reached a dramatic climax at the 1915 session of the North Dakota legislature. It will be mentioned below in that connection.

1907.—North Dakota law creates Board of Grain Commissioners, in response to bankers' request, to investigate grain marketing in Duluth, Superior, and Minneapolis.

1907.—President Roosevelt's annual message refers to defects in inspection and grading of grain.

1908.—Report of Board of Grain Commissioners to the Governor of North Dakota. This report covers all steps in marketing, from country elevator to terminal elevator, and hence lacks dynamic power to focus attention on any one "evil."

1908.—London Corn Trade Association files formal complaint with the President of the United States against the "errors, or worse" in our inspection and grading of export grain.

1909.—North Dakota law provides for two grain commissioners to serve two years at the Minneapolis and Duluth terminals on the Minnesota Board of Appeals (in matters of grain inspection).

1910.—Report of above-named commissioners. This report discusses various terminal practices, but focuses on the terminal elevator question. By some ingenious calculations, figures are evolved showing that the state of North Dakota is losing \$5,500,000 a year by not having state-owned terminal elevators.

1912.—Constitutional amendment adopted in North Dakota, authorizing the state legislature to build state-owned terminal elevators in Minnesota or other states. This amendment had been pending four years.

1913.—North Dakota law provides that the State Board of Control shall investigate and report to the state legislature a concrete program for constructing and operating state-owned terminal elevators, and matters of interest relating thereto. Apparently the state is now committed to the policy of state-ownership. But note the report of this board in 1915.

1913.—Minnesota state legislature. Report of the com-

mittee of the house on its investigation of the Minneapolis grain market.

1913.—Minnesota state legislature. Report of the committee of the senate on its investigation of the grain market—particularly the Minneapolis Chamber of Commerce and the St. Paul Equity "Exchange." This report is a back-fire against the house report mentioned above.

1914.—United States House of Representatives. Hearings before the Rules Committee (63 Cong., 2 Sess., H. Res. 424) under a house resolution which states, among other things:

Whereas, it is charged and generally believed that the price of wheat paid the farmers, as well as the cost of flour to the consumers, is largely controlled by the Board of Trade of Chicago, the Chamber of Commerce of Minneapolis, and the Board of Trade of Duluth, acting in combination—

This document contains lengthy statements of the ultra-radicals. It had, for that reason, a promoted circulation in the Northwest, and the Congressional frank was utilized without stint.

1914.—Constitutional amendment adopted in North Dakota authorizing the state legislature to build state-owned terminal elevators within the state.

1915.—Report of State Board of Control (North Dakota legislature). The legislature is now in a mood to listen to plans for state-owned terminal elevators, prepared by the Board of Control—the board officially in charge of such business matters. The board brings in its report, discusses the policy—not the program—of state ownership, and comes out against the proposition. It has taken considerable courage on the part of the board to take this unpopular stand. It has, however, a majority of the legislature with it. But the vials of wrath of the farmer are now unloosed. The Equity Society calls a mass meeting at the state capitol, hoping to impress the legislators with the farmers' demands. This society, oddly enough, while existing purely as a coöperative concern, is at this juncture ardent for state ownership. The Equity Society now brings to the mass meeting at the state house its ablest leader and bitterest fighter, Loftus. He excoriates the members, collectively and individually and by name, who have "deserted" the cause of the farmer. The audacity and vehemence of his abuse make of the episode one of the dramatic moments in the state's history. Apparently the farmers' long-

cherished dream of relief from the "grain combine" is crushed by an unfaithful legislature!

### *The Stage Is Set*

If the reader has followed the discussion to this point, he is in a position to understand the state of mind of the Northwest farmers in the early part of 1915. The years of continuous agitation about grain marketing has now poisoned the minds of the farmers to any calm and temperate consideration of the question on its merits. It has become a "fight" against the "gamblers"; against "loot," "plunder," "gouge"; against the "Grain Combine." They are ready for a crusade. Many are even willing to arm themselves and literally fight for their "cause."

### *Enter the Nonpartisan League*

And what solution is in sight? The Equity, unlike its coöperative Canadian cousins, is half for coöperation, half for state-ownership. Such leadership as this is impossible. There is no solution in sight. At this point enters the Farmers' Nonpartisan Political League. Its followers are farmers, waiting for leadership. Its leaders are not farmers. They are not chosen by the farmers; they are self-appointed.

North Dakota, although not an industrial state, had a strong Socialist party. Some villages had Socialist mayors. Out of this Socialist party came the leaders of the Farmers' Nonpartisan Political League. When promulgating socialism, these leaders preached the familiar doctrine that "labor produces all wealth," and all the rest of the conclusions that follow therefrom. When they saw the larger opportunity to organize the farmer, they changed the gospel to fit, making it "The farmer produces all wealth." But the immediate and concrete appeal was made in terms of grain. In condensed form and bold outline, it ran like this: You, Mr. Farmer—an old settler—were raising wheat thirty years ago? With your primitive equipment you could raise only 10 acres? You had plenty of clothes to wear—plenty to eat—more, in fact, than you now have! And now you are raising 100 acres of wheat! The question is, then, who gets that 90 acres of wheat? "Big business" gets it! The "Grain Combine" gets it! This specious argument, when cleverly handled, can be made very plausible, especially to those already predisposed to believe it. With this economic appeal came also the political

appeal, namely an assault on the so-called "Old Gang" in control of the political machinery of the state.

As mentioned above, the leaders in this new movement were the former leaders in the Socialist party of the state. We had no Council of Agriculture, as the Canadians had, to produce farmer leadership. Hence these leaders turned naturally to state-ownership rather than to coöperation when they devised a program of reform. They began their activities immediately upon the adjournment of the North Dakota 1915 legislature, while feeling among the farmers was white hot on the grain trade question.

### *League's Rise to Power*

The first question for the league to solve was membership. In a strict sense of the word, the league was not "organized"; the originators of it took unto themselves the titles of "president," "vice-president," "treasurer," etc., and the farmers were then invited to "join." And during the first three years of the movement—1915, 1916, 1917—the same officers held these same offices by the same simple process. Nevertheless, the farmers "joined" very freely and looked on it as their movement. Solicitors were sent into the rural districts in automobiles and they made a house to house canvass of the farmers. The membership fee was six dollars. This entitled the farmer to receive a weekly paper, *The Nonpartisan Leader*, and a year's subscription to *Pearson's Magazine*. A socialist writer was brought from New York City to give the farmers, out of the abundance of his ignorance, expert advice on their economic ills and the remedy therefor, all of which appeared in a series of articles in the monthly magazine above mentioned. These articles, confessedly saffron in tone, helped boost the farmer movement—even though the magazine itself thereafter fell into a condition of death or suspended animation.

Selling league memberships to farmers on a commission basis was an exhibit of salesmanship. A small army of solicitors soon took the field. They were of various classes—young preachers without pulpits, young lawyers without briefs, office-holders without offices, students who were familiar with the book agent's life, disaffected persons and, of course, some who were working with sincere and non-commercial motives. The membership was thus raised to 40,000. But, before this happened, the membership fee was raised to \$9. Farmers joined just as fast; and the com-

missions were larger for the solicitors. The fee was then raised to \$16, this covering membership for two years. No exact statement can be given as to the amount of money collected or as to the amount expended, for during the first three years of the movement none of these things were made public. Enough to state that the "officers" had the disposition of the funds in their own hands. The president of the league went into bankruptcy proceedings in the fall of 1917, at Bismarek, North Dakota, claiming to have assets of less than five hundred dollars.

By the spring of 1916 the league in North Dakota was strong enough to enter politics. That state has a complete primary election law, abolishing the caucus system of nominations, and nominating all candidates by direct vote of the people. The league revived for its own use the secret caucus. Members met in the various voting precincts; non-members were not permitted to participate. Candidates for the state legislature were thus nominated. Candidates for the executive offices and the supreme court were chosen, ostensibly, at a "State Convention" of members, held in Fargo, April 1, 1916. In fact, this convention did not nominate; it ratified the candidates selected by the leaders. Enemies of the league denounced this procedure as a "machine" akin to that of the old days. But the farmers gleefully endured these gibes, since it was their own machine. And it worked, too, much to the discomfort of the older politicians, much to the joy of the farmers. Of course, the regular primary elections were held in June according to state law. But the farmers' vote, plus the labor vote of the villages and cities, actually nominated every candidate previously named by the league. And at the polls in November the voters elected all these candidates, save one—the state treasurer.

The league's platform, which was before the voters in 1916, includes these planks: state-owned terminal elevators; state-owned flour mills; state-owned packing houses; state hail insurance; and the single tax (in a modified form).

The league's rise to power in 1916 must be explained in large part in terms of wheat. And here, nature and man worked together to help the league: nature by giving the state a crushing failure in its wheat crop; and man through the authoritative support given the league's wheat propaganda by the president of the state agricultural college. This man is a chemist, and, through his office as state pure food commissioner, he has gradually cre-



ated the impression among the farmers that he is their wise, brave, and infallible guide. He had already published one bulletin, *Is the Present System of Grading Wheat Equitable?* In the early fall of 1916, as the shrivelled and shrunken grains of North Dakota wheat began to flow to the Minneapolis market, instead of grading this wheat "sample" wheat—its official Minnesota grade—the dealers began to call it "feed" wheat, of the grades A, B, C, and D. Somebody made a most unhappy blunder, probably the editor of the *Grain Bulletin* of Minneapolis. Millers were grinding this wheat, light and chaffy as it was, blending it, of course, with heavier wheat. It was unfit for milling otherwise. But the dealers' name for it suggested the idea that it was good for "chicken feed," not for human food. The league made a slogan of "D Feed Wheat." And the president of the agricultural college, at this critical juncture, comes along with a new bulletin, *North Dakota Wheat for 1916*. In this pronouncement to the voters he speaks both as chemist and economist—as authority on the milling and baking tests of D Feed Wheat and also on its market value when milled; a clever combination of facts and assumptions. Flour was made from this wheat in the experimental mill on the campus; the flour was baked into loaves; the loaves were eaten. However, none of the flour was bought or sold on the market. The bulletin, nevertheless, gives the "per cent of gain" made by the Minneapolis millers when grinding the higher grades of wheat and also the so-called D Feed Wheat, the per cent being 21.4 for the best wheat and 111.9 for the D Feed Wheat. Although these market figures are all assumptions—and contradicted by the millers—the farmers accepted them as final and authoritative. And every farmer in the state was made entirely familiar with this D Feed Wheat story. With the help of this bulletin, the league's success at the polls was made doubly sure.

### *The League in Power*

In January, 1917, the league came into power. It now had three of the five judges of the supreme court of North Dakota: the governor, attorney general, auditor, superintendent of public instruction, and other administrative and executive officers; the lower house of the state legislature, and nearly half of the upper house. One venerable judge, elected by the league to the supreme court, was known to be somewhat eccentric in his views and

habits. He very early broke away from league control, and showed himself independent, thus leaving the league membership in this court in the minority.

Lynn J. Frazier was the governor chosen by the league. He is an honest and thrifty farmer, a plain, blunt man, not experienced in public affairs, and thoroughly in sympathy with the league's program. He is a graduate of the state university, but stubbornly opposed to college fraternities and the new-fangled things which our young people have taken up. The superintendent of public instruction, likewise a graduate of the state university, a militant young Scotchman with a vision for a better rural school system, came into his office with an honest zeal for service. The attorney general, another state university graduate, a man of German parentage, brought to his office high ability, experience, and a will to do his duty. Among the other state officers were some of average ability, some of outstanding force, and a few weaklings.

Chief interest, however, centers in the state legislature. It was composed, quite naturally, very largely of farmers—and farmers unaccustomed to the mystery and confusion of American legislative procedure. But the league made provision for guiding the perplexed farmers through the mazes and perplexities. The league leaders rented a large hotel, and here the league legislators also had rooms; here a daily secret caucus was held; here instructions were given for voting on each bill. And, with only negligible exceptions, the league legislators followed the caucus instructions. The chief difference between this legislative caucus and the usual legislative caucus was that this caucus was dominated by men not members of the legislature.

But in the confusion and shuffle the original league program was partly lost to sight. As to state hail insurance, the state already had that, but not in a compulsory form. Before flour mills and packing houses could be built by the state, a constitutional amendment was necessary—a process requiring by one method nearly four years' time and by the initiative and referendum method several months' time. The league leaders decided to take the bull by the horns and enact a new constitution, as a statute is enacted; and hence the house passed such a measure, known among the farmers as "House Bill 44." The senate refused to support this revolutionary procedure, and the matter was thus blocked.

That left the one original issue still open—namely, the terminal elevator. Here the senate yielded, and a bill was passed providing for one state-owned terminal elevator. For reasons not yet clear to the general public, the league president pronounced the measure unsatisfactory—although the league legislators had supported it—and hence the governor vetoed it. The reason alleged was that the bill provided for paying for the elevator by taxation instead of by a bond issue.

The five original planks in the platform of the league failed to go into effect. However, many important and beneficial measures were passed, including a Torrens Title act, an Anti-Weed law, a law providing for school nurses. A law providing for inspecting, grading, and marketing grain was also passed, but its provisions are so loosely drawn that even its constitutionality is in doubt. Very little change was made in the tax laws.

In short, it may be fairly said that the output of this legislature was neither better nor worse than the output of the preceding legislatures. The methods used were similar to old-fashioned methods, except in this case the secret caucus was dominated by a small group of non-members, the leaders of the league.

In the failure of House Bill 44 the league had an alibi. The leaders at once went to the farmers, confessing they had accomplished little, but pointing to House Bill 44 as the excuse. "Next time—when we control the Senate—we'll do something," was the new gospel.

So the league at once began to lay plans to capture the 1919 legislature in North Dakota, and in the adjoining states. It now issued not merely a weekly paper, but acquired a daily. The farmers were to be "educated" with sound league doctrine. These two papers are usually spoken of as "League papers," but just where the title to this property is vested is not known by the general public.

#### *The League in 1918*

The league in 1917 moved its headquarters from Fargo, North Dakota, to St. Paul, Minnesota, and took on the title of "National." By January 1, 1918, the league organizers were busy in South Dakota, Nebraska, Kansas, Montana, Idaho, Minnesota, Wisconsin, Iowa, Colorado, Washington, Texas, and Oklahoma. It is impossible to give its financial condition or the size of its membership, since these are matters of a more or less secret nature.

The leaders of the league plan to invade every state; to secure a strong organization of the farmers, the labor unionists, and the socialists; and gradually to turn over to state ownership and operation all the more fundamental industries of the country. For the leaders of the league are at heart now what they were in 1914—socialist organizers. Their vision has merely widened enough to enfold the farmer in their scheme.

Much effort is being made to secure support from labor unions in the cities. Of course this brings up the economic problem—How raise prices to the farmer and lower prices to the city consumer? This problem has led the league a little afield from its original purpose—state-ownership. The “solution” of this problem now being offered by the league takes two forms: first, a somewhat vague promise to create “direct marketing” and to “eliminate the middleman”; second, a concrete program of so-called coöperative stores. These “coöperative” stores, now being organized in the Northwest, have collected from the farmers about one million dollars and their number is rapidly increasing. These are not coöperative stores at all, but a chain of stores owned and controlled by a small central corporation called the “Consumers United Stores Company.” The farmer gets no stock and no dividends, but his \$100 fee buys him a “membership” with the “privilege” of trading at these stores. Goods are promised him at wholesale plus freight plus a margin of “not to exceed 10 per cent.”

A pertinent question may be asked here: Did the Farmers’ Non-partisan Political League try to organize across the line in Canada? A group of sympathizers did start a nonpartisan league in one of the prairie provinces. This league became strong enough to nominate nine candidates for the provincial legislature. One of these nine was a man of outstanding ability who was endorsed by all parties. He was of course elected. The other eight candidates were defeated. This experiment was a fair test of the state of mind of the Canadian farmer, with his coöperative marketing machinery and his own Council of Agriculture.

No one can forecast with certainty the future of the league movement in the United States. The war has brought to the farmer a period of prosperous prices. The war has also cast some shadow of suspicion on the patriotism of the leaders of the league. In the June primary elections, the Minnesota voters overwhelmingly defeated the league on the loyalty issue, and the North

Dakota voters gave the league only a partial victory. The "coöperative store" movement walks on the edge of the abyss of failure. The bankruptcy proceedings of the organizer and president of the league is bound to tarnish his name among thousands of his soberer followers. The yoking up of an economic movement with a political party is likely to do in this instance what it has done in the past—wreck the movement. Since the passing of D Feed Wheat, the league lacks any central unifying principle. The huge funds collected by the league—and thus far unaccounted for—together with its political power, will inevitably bring to it new adherents who are merely seeking the loaves and fishes. It is therefore likely to go the way of the Farmers' Alliance.

So far as the league's past is concerned, to the extent that it is better to have the farmer awake than asleep, excited rather than apathetic, to this extent the movement has been a social benefit. To the extent that the movement has kindled class hatred, blind suspicion of commercial honor, prejudice against all so-called "big business," and unreasoned animosity towards all "middle-men," to the extent that it has promoted demagoguery and insincere leadership, and has set back the cause of self-help among the farmers, to that extent it has hurt the country.

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## PRIVATE COLONIZATION OF THE LAND

Colonization of the land means land settlement by organized groups, but the organization may be of the most diverse kinds. And sometimes the term colonization is loosely used to mean occupation of land by individuals who come to a region new for them, even if they come one by one. We in our era and in the United States think of colonization as the settlement of hitherto unoccupied land; but in the present and also in past history colonization frequently means the occupation of old lands by new groups of settlers. Examples are the Greek colonies in ancient times and the German colonists in Prussian Poland, who were encouraged to settle there in order to change the character of the population and the attitude of the dwellers in that region toward Prussia and the German Empire. As employed in the present paper, colonization means primarily land settlement in new and only partially occupied regions, such as the cut-over lands in the northern parts of Michigan, Wisconsin, and Minnesota, and land settlement by groups more or less closely organized under some kind of leadership, usually that of owners of the land. If the owners are private persons seeking a profit, it is in the strict sense of the term private colonization; if the land is owned publicly and the settlement takes place under public auspices to promote the public welfare, it is public colonization. Australia and New Zealand afford the chief examples in modern times of public colonization, but California, under the leadership of Professor Elwood Mead, is beginning an experiment in public colonization which is attracting widespread attention and may prove epoch making in the history of the United States.

The settlement of the public lands in the United States has been of a simple kind. Lands have been surveyed and given to settlers as homesteads; and since 1862, the normal area has been 160 acres, other farm units being regarded as departures from this standard for which some good reason must be given. The motive of private profit on the part of the government has been absent and the public purpose has been to make farm-homes for the landless. In addition to the donation of land to actual settlers, much land has been given to the states for various purposes, education being a noteworthy one; and vast empires have been allotted to companies to promote the construction of railways.

Colonization would suggest some theory of colonization, some



reasoned purposes to be attained by appropriate measures. There have been various theories of colonization, one of the best known being the Wakefield theory, the aim of which was so to regulate the price of land in a new and unoccupied country that the land should be gradually brought into use, the proceeds of the sales to be employed in promoting immigration. The immigrants would then work for wages until they should have saved enough to buy new land. The "sufficient" price advocated was one just high enough to afford a labor supply to the older settlers, but not high enough to keep the capable man from becoming in time an independent farmer with his own freehold. A suitable combination of land, labor, and capital was the aim of the Wakefield theory of colonization.

But in the United States we have never had a generally accepted theory of colonization. We have sold and given away land to individuals and corporations, with the thought that each one in promoting his own interest in his own way would develop the country rapidly and build up spontaneously a sound social order. So far as we have had an economic theory, it has been that those who live on the land and cultivate it, taming the wild land and making farms, give a social return for what they receive; and very generally the pioneer farmer does render a large return for the opportunity to "make a farm." But what we are beginning to see is that wisely planned settlement might have given far better results; and now we are thinking of planning the development of rural life, just as we are planning the development of cities. Cultivated forests, we are told, yield two to four times as much timber per acre per year as land on which unguided Nature has her sway. Doubtless similar improvements in country and city may be anticipated from careful planning and wise forethought. "Nature assisted" is the recognized need of the hour.

However far we may be inclined to go in favoring public ownership of land and public colonization, we must acknowledge that for a very long time to come we must rely chiefly on private initiative, private enterprise, and the stimulus of a reasonable private profit for the settlement of the land; and public colonization, for the time being at any rate, must be planned largely for purposes of demonstration. And when we come to think of it, it is just as logical to have demonstration land-platting and development fostered by government as it is to have experiment stations conducted by the nation and the states. And the writer is not

prepared to say that at the present juncture it is not equally important.

When the wise man begins a course of action, he has in mind certain ends which he wishes to reach. Similarly in our public action we should have in view the ends desired. We are seeking a land policy. But what do we mean by land policy? The following is offered as a tentative definition, suitable for present purposes: *A land policy is a more or less consciously developed program of social control with reference to the natural resources of a country and the human relations arising out of their use and ownership.* It embraces regulations, actual or contemplated, for the use of minerals, and water power, for ownership both public and private, for transfers and leases, and all relations among men arising from the economic and social aspects of land. This control may be very loose and but slightly developed, or it may be very intensive. In the latter case the motive of social welfare is usually greatly stressed.

Private colonization of the land is a part of the land policy of all modern nations. Private colonization in the sense of associated effort is required to an ever increasing degree for the successful settlement of the land. Coöperation in its widest sense is the key to the highest success in modern economic life. Men engaged in manufactures and commerce have earlier come to see the advantages of acting together than have men engaged in farming, and that for two reasons. The first is that the character of agriculture as an occupation is such as to bring about a greater isolation from one's fellows. This is due, among other things, to the vast number of independent farm units; and this vast number of independent farm units is a necessary result of the fact that, as a rule, farming is a small-scale industry. The second reason is to be found in the more rapid evolution of manufactures and commerce, so that they have at any one period of time reached a higher stage of evolution than agriculture. Yet it has long been recognized by the thoughtful that in farming combination is a prerequisite for success. It has been perceived with reference to marketing particularly, but also it is seen that men must act together more or less formally in improving breeds of stock, in the production of fruit of high grade, in irrigation of the arid region as well as in many other phases of rural life. Now it is becoming equally clear that coöperation, associated effort, is re-

quired in laying the foundations of rural life in the purchase of land and in the development of home-farms out of the land.

Private colonization, if successful, must accomplish three purposes: first, it must afford a reasonable profit to those who sell the land and undertake to finance the colonization scheme; second, it must give the settler and his family an opportunity to work on the land, to gain a livelihood while working, to make a farm and acquire complete ownership of it in a reasonable time; and in the third place, each colony must advance the interests of society. We have then two private interests, that of the seller and that of the buyer of land, to be brought into harmony with the public interest.

In the early days in this country we had free land and individualism in land settlement. While the free and often very fertile land was a decided aid to the settler, he had his troubles, which we are too inclined to forget in our comparison of the past with the present. The individualism in land settlement meant isolation and very often poor markets. Prairie land could be broken and tamed and made into a farm with far less cost than is required to make a farm of cut-over lands; but prices received by the dairy farmer in northern Wisconsin for his products would have seemed like dreams in fairyland to the Iowa or Illinois farmer in pioneer days. Crops frequently did not pay for the cost of gathering and marketing in the days of free land, and within the memory of men living Indian corn has in our West been used as fuel. And the struggle with bad sanitary conditions in the days of free land is a story that has frequently been told. But on account of our free and fertile land, agricultural production was high as compared with the old world conditions, in proportion to expenditures of labor and capital, while competition generalized high wages, interest, and profits; in other words, our margin of production was high. Now land is high in price, but has the margin of production fallen? We have no evidence that such is the case.

What makes the margin of production at the present time? It is found in organized entrepreneurial efficiency and in capital, and the force of competition spreads it over the entire economic field, so that the margin is found no more in the cultivation of land than in the manufacture of locomotives. As there is reason to believe that the margin of production is higher than ever before, this higher margin must be found in the opportunities to cultivate

and buy land, as in other parts of the economic field. To participate in these opportunities, the settler must have the advantages of organized efficiency and of an adequate supply of capital. Modern colonization must afford these advantages to the settler, or it is unsound; and likewise the settlement must be of such a kind as to improve social condition, or it does not measure up to the social standards of the twentieth century.

*We have one general problem of modern democracy, and that is to enable the average man and, indeed, the man below the average to avail himself of the greater brain power of the relatively few superior men in the community.* The modern system of colonization must meet this test to be economically sound and socially commendable. The ordinary settler is not a man of great capacity; he is honest, generally industrious, willing to work hard and long to have a farm all his own, and frequently with the thought of handing it down to his children as a main motive; but he is not gifted in the selection of land or of capital-equipment, *c. g.*, cattle, seed, and tools. Especially is he apt not to stand high in managerial capacity. If he were a superior man in his economic gifts and economic training he would not be a settler in a new country. We must, therefore, have as a condition of successful colonization wise economic leadership supplied by private initiative or by public agency or by a combination of both.

Now in the next place, the land selected for the settlers must be as good as is generally available; otherwise the land is sub-marginal and, at current selling prices of commodities, its cultivation will not be profitable. This implies both capacity in the selection of land and honesty in dealing with the settler.

It is possible to find many examples of successful colonization, fulfilling in a measurable degree all the reasonable tests which have been mentioned. The present writer believes it is both scientifically and practically worth while to describe briefly the methods followed in three fairly successful colonies which he visited in the summer of 1917 and two of which he has revisited in the present year. These are the colonies at Conrath and "Rusk Farm" in Rusk County and a large new colony which is being started in southern Sawyer County, all in Wisconsin. It is scarcely necessary to say that nothing is farther from the intentions of the writer than to call especial attention to his own state or to advance the interests of particular companies. Successful colonization can be found elsewhere in Wisconsin and in

many other states, and it is hoped that the investigations which have been made in Wisconsin will be followed by similar investigations elsewhere. This is to be looked upon as a preliminary study.

Great care has been taken in the selection of the lands for the colonies mentioned. The leader in these colonies has tramped over the land again and again and has made himself familiar with every considerable piece of it. He is fond of shooting and hunting, but it has been noticed that he shoots and hunts over land which may be selected for the site of a colony, and there are those who say that the land he tramps over interests him far more than the game he seeks. Next, notice that the state of Wisconsin, in conjunction with the United States, conducts soil surveys and these are fully utilized in the selection of the land. Good land is an indispensable condition of success.

But with the land goes *service*. Service is the watchword of business in these days, and it is just beginning to be recognized that service in conspicuous degree must be the watchword of conspicuous success in land settlement. However, a certain care must be exercised in the selection of settlers, that they may be capable of availing themselves of opportunities offered. An attempt is made to secure as good a class of settlers as possible, and to arrange them in such relationships to each other that the highest attainable degree of companionship and of spontaneous coöperation may be secured. In general, it may be said that an effort is made to group the settlers by nationalities, but to have a common social center where men of the different nationalities may meet and be gradually fused together in the great American "melting pot." The social center idea is emphasized, and that increasingly.

The distinctive feature is that, while land is sold without improvements to those who desire to purchase it, generally "made-to-order" farms are sold. Even when "land only, without improvements," is sold the company offers its service in the purchase of lumber, building supplies, and livestock, and furnishes them to the settler at actual costs, and it gives credit for these purchases up to the amount of the first payment, adding it on to the contract price of the land. In other words, if a man has \$500 for his first payment, the company will invest an equal amount in the farm equipment. This is what is called Plan No. 1. Plans No. 2 and No. 3 are described as follows in the literature of the company:

## PLAN No. 2.

40 ACRES OF LAND WITH HOUSE AND LIVESTOCK.

House 14 x 20 feet, 1 story.

1 cow, 1 small pig, 4 chickens.

1 bushel mixed clover and timothy seed.

Complete assortment of vegetable and flower seeds.

Cash payment, \$250.

Total cost, \$1,100 to \$1,350.

*These plans cover only 40 acres. If you wish larger acreage add to these plans what land you require, at \$750 to \$1,000 per 40-acre unit.*

## PLAN No. 3.

40 ACRES OF LAND WITH HOUSE, BARN, LIVESTOCK, AND TOOLS.

House 14 x 20 feet, 1½ story.

Barn 12 x 14 feet.

1 cow, 4 chickens, 2 small pigs.

Complete assortment of vegetable and flower seeds.

1 bushel mixed clover and timothy seed.

1 garden cultivator, 1 cross-cut saw, 1 axe, 1 brush scythe,  
1 mattock.

Cash payment, \$400.

Total cost, \$1,250 to \$1,500.

*These plans cover only 40 acres.- If you wish larger acreage add to these plans what land you require, at \$750 to \$1,000 per 40-acre unit.*

In addition, the company includes in its plans demonstration farms in charge of good farmers. This plan was seen in operation at Rusk Farm. The farmer and his family were constantly called on by the colonists for services of the most diverse kind. The demonstration farm, one might almost say, was both the heart and brains of the settlement. The farm not only afforded demonstration of methods, but it furnished work to the settlers in the early days, so that they would be less frequently obliged to leave home to earn wages. The president of the company visits this settlement from time to time and lives as one of the family; and, still a young man, is familiarly called by his first name.

And further service is rendered in that the president and guiding spirit of the company, makes it his business to see that the settlers enjoy all the public advantages to which they are entitled: *e.g.*, good roads, schools, conveyances to take the children to school, telephones, telegraphs, and the services of county agricultural agents. These services do not always come, unless some capable person is vigilant in behalf of the settler. Elsewhere in a settlement in Wisconsin, during the same tour of investigation, one schoolhouse was found so inadequate to accommodate the



pupils that many of them had to remain outside the building on the grounds and in the street while others recited their lessons; and a few miles farther on in the same settlement the children were not going to school at all, because the schoolhouse of the district had burned down and had not been replaced. All this is something very exceptional in Wisconsin, and it is significant that probably the public schools in northern Wisconsin among the settlers are better than in the old and rich counties of southern Wisconsin.

In the plans of the latest settlement in Sawyer County a new city is contemplated; and for the city and the surrounding country special attention is given to aesthetic consideration. The plans have been carefully discussed with a view to the attainment of all that is feasible in the way of beauty. This means, for example, that the old, stupid, gridiron plan of one set of parallel streets, crossed by another set of parallel streets at right angles, has been abandoned. Reservations of beautiful points have been planned, while vistas and streets terminating in parks and interesting objects have been provided. Especial credit is to be given to the promoters for reserving long stretches of land on both banks of the beautiful Chippewa River.

Service is the key to success in private colonization, and this service may be of such a character as to do more than counterbalance the free land of earlier days. If a choice has to be made between, say, three or four dollars additional price for the land and some marked improvement in service, the service should be preferred. Let us take the case of a farm of 80 acres, a suitable size for a dairy farm in northern Wisconsin. An additional charge of \$5 an acre means \$400, or an interest charge of \$24 a year, and any marked degree of service would count for far more than that. One service which should be added is collective insurance, so that a deed could be given to a man in case of disability, or to his family in case of death.

The wise plan for private colonization is to add enough to the first cost of the land to afford a reasonable profit; and then beyond that to provide at cost all kinds of service, *e. g.*, the purchase of livestock. This tends to produce a feeling of mutual confidence and goodwill.

Now the settler is "making a farm," to use the expression frequently heard; and the return for his toil is found largely in the farm; for even in the case of "made-to-order" farms, as they

are called with some exaggeration, the major part of the work of making the farm still remains to be done by the settler. Consequently he may be meeting with success, although for some time he is becoming year by year more deeply involved in debt. As a matter of fact, the settlers in the colonies mentioned are encouraged to borrow money of the company in order to extend their operations, *e. g.*, by buying more cows. While the money debt increases in successful operation, the settler's equity increases even more rapidly.

Another service often rendered settlers is to furnish horse-power when needed in early days. The horse problem, curiously enough, is found in old England in the case of allotments and small holdings just as it is in northern Wisconsin. Horses are expensive to keep, and in many cases they are used but a comparatively small part of the time, especially in the early stages of a dairy farm on cut-over lands, so that, as the saying is, "they eat their heads off." It will be noticed that with the "made-to-order farms" no horse is included in the equipment.

Cheese factories are organized in these colonies, and this provision makes the work in the household lighter as compared with the toil of the old-time pioneer farmer's household in the days of abundant free land in Michigan, Wisconsin, and Minnesota.

Now let no one be deceived about the conditions of the settler in the colonies visited, even the best of them. They come with very little capital, sometimes almost with no capital, and with no unusual skill or capacity. The struggle is a hard one, and great self-denial is a forced condition of success. The homes are humble, but the environment is better than the crowded sections of cities; and food is abundant. Shelter is tolerable, clothing poor, food generally of fair quality, even in early days. Usually progress becomes marked after a year or two, and, when health is good, the settlers are fairly well contented and frequently even rejoice in their advancement. The earnings are not large, but expenditures are small; and what is afforded is opportunity to acquire a farm. All have a place where they can labor; and the children can be helpful in ways which, far from injuring them as factory work too often does, develop strength of body and character. If we have opportunity costs, may we not have opportunity values too?

Settlers' Progress Record Cards are kept. The blanks are as follows:

## NAME \_\_\_\_\_

ADDRESS . . . . .

## RECORD OF PROGRESS

Price paid for improved seed

# PRESENT VALUE OF PROPERTY

## LAND

Acres	Classification	Acres Fenced	Acres Value	Total
	Cultivated			
	Cultivated (stumps in)			
	Meadow (wild hay)			
	Unimproved			

Total Value of Land - - - \$

## BUILDINGS

	Size	Material	Insured for	Total
House				
Barn				
Silo				

Total Value of Buildings - - \$

## LIVE STOCK

No.		Value Each	Total
	Dairy Cows		
	Dairy Heifers		
	Dairy Calves		
	Beef Cattle		
	Horses		
	Colts		
	Hogs		
	Sheep		

Total Value of Livestock - - \$

## MACHINERY


Total Value of Machinery - - \$

## ASSETS

Value of Land	\$
Value of Buildings	\$
Value of Livestock	\$
Value of Machinery	\$
Value of Other Property	\$
Total	\$

## LIABILITIES

Due on Land	\$
Due on Livestock	\$
Due on Machinery	\$
Other Debts	\$
Total	\$

PRESENT NET WORTH \$

REMARKS:

DATE

19

Signed

The following data are believed to be fairly typical for the best settlements in Wisconsin, and to be not superior in results to the actual achievements in some other parts of the country, and not one whit better than the potentialities in very many sections of the United States where good colonization with suitable public control can give hundreds of thousands of settlers better opportunities than those generally enjoyed by the pioneer farmers even in the Mississippi Valley.

COLLATED DATA FROM REPORTS OF SEVENTY SETTLERS IN NORTHERN  
WISCONSIN

Average age of settler when land was purchased .....	40
Average number of children in a family .....	3
Average number of acres in a farm .....	60.5
Average price paid per acre .....	\$23.80
Average percentage of cash paid to total consideration .....	22.2
Average net worth at time of purchase .....	\$705.92
Average annual increase in net worth .....	556.20
(237 years of aggregate experience)	
Mode of annual increase in net worth .....	492.85
Average annual increase in value of land .....	88.05
Mode of annual increase in value of land .....	97.36
Average annual increase in net worth of 57 settlers with previous farming experience.....	603.00
Average annual increase in net worth of 13 settlers with no previous farming experience .....	591.40
Average annual increase in net worth of 40 Polish settlers....	599.20
"    "    "    "    "    "    "    "    14 German    "	533.20
"    "    "    "    "    "    "    "    7 American    "	718.70
"    "    "    "    "    "    "    "    4 Bohemian    "	524.50
Average amount of mortgage in 49 cases where mortgage is reported .....	1402.42
Average length of time from settlement to taking out mortgage (years) .....	1.16
Average number of horses .....	1.4
(in 28 cases, mortgage taken out immediately)	
(16 settlers horseless)	
Average number of days worked out per year .....	90.97
Percentage of acreage cleared .....	11.6
"    "    "    cultivated with stumps in .....	18.4
"    "    "    improved .....	30
"    "    "    unimproved .....	70

The statistics go to the time of making the mortgage loan. The significance is this: The settlers buy on contract, and when their equity becomes sufficient they are given a title and in turn given

back a mortgage which may run twenty years at 6 per cent, interest and principal being paid off on the amortization plan. We have then information on the rapidity of economic progress in the case of these farmers. It took them on the average less than two years to reach a point where they had marketable mortgages, and they have twenty years more in which to clear their land of debt. It will be observed, however, that in 28 cases mortgages were taken out immediately. In the case of 24 settlers the period of time between buying the land on contract and taking out a mortgage was 3.64 years. This would give about 25 years as the length of time required for the settler, beginning with five hundred to a thousand dollars, to acquire a good small dairy farm free from debt. Before the federal land banks were organized there was an arrangement in Wisconsin for organizing farm mortgage associations. This mortgage association took over the loans at first and thus helped to finance the colonization companies. The Wisconsin farm mortgage associations have, however, not played a large rôle, because they have not been sufficiently profitable to induce men to furnish capital, unless they had something else in view, namely, the assistance they could render in plans for the settlement of land which they owned, or unless they had in view the encouragement of land settlement as a beneficent purpose. In the case of the colonization schemes which are described in this paper, the Wisconsin Farm Loan Association, Number 1, was organized as an aid in carrying out the plans of colonization.

At the present time the work of the Federal Land Bank of this district, which is located at St. Paul, is making itself felt, and this is a distinct service and a great help in furnishing the funds needed for land settlement. As the farm mortgage association, however, has been organized by the owners of the land, it could take over loans and give mortgages under somewhat more favorable conditions to the settler than could the Federal Land Bank. Very generally, however, both sellers and purchasers of land in northern Wisconsin avail themselves of the credit afforded by the Federal Land Bank as soon as possible, and the services of this bank are proving a great help in the development of the country. Land values are increasing, particularly in the case of lands where the settlers have made a real beginning in "pushing back the brush," clearing the land of stumps and otherwise improving it. The farm with even a few acres cleared and two or three cows on it, with a small house and barn, shows a very decided



increment in value over the raw land as originally purchased. The result is that very frequently in a remarkably short time, sometimes even in three or four years, the land has so increased in value that the 50 per cent which a man can borrow on the land itself and the 20 per cent which he can borrow on the buildings will be great enough so that he can borrow from the Federal Land Bank as much as the amount of the original mortgage or even more. The burden of carrying the loan is then transferred to the Federal Land Bank, and the landowner has thirty-five years in which to pay for the land, the interest being  $5\frac{1}{2}$  per cent to which 1 per cent is added for amortization. This is not a very heavy burden, and the settler does not have to dread the day when the mortgage will expire and he must seek renewal with all its uncertainties and possibilities of commissions. If the amount borrowed from the Federal Land Bank exceeds the indebtedness on the land, the settler has an excess which he can use for the purchase of stock or for the improvement of the land. At the present time the Federal Land Bank is proving a great help in the settlement of the land, whether it is individual settlement or settlement on the colonization plan.

One of the subjects which require especially exhaustive consideration in all plans for colonization is the credit-requirements of the settler. Probably as many colonies come to grief on account of a miscalculation of the length of time required by the settler to make his farm pay for itself as on any other account. Many a company becomes bankrupt because it has expected payments too soon; and the company in distress forecloses on the settler—a terrible tragedy in too many cases, meaning bitter disappointment and broken lives. Probably the customary plans of land settlements in the United States do not give, on the average, half the time required. It is noteworthy that in the changes in the land purchase acts in Ireland each one of the great acts lengthened the time for payment of the purchased farm until at last sixty-eight years was given; which means, of course, that it will usually take two generations to get a debt-free freehold. But earnings are higher in the United States, and thirty-five years is a sufficiently long term in northern Wisconsin, perhaps too long if present prices continue.

Successful colonization, according to the plans which have been described, requires a good deal of capital. The general overhead expenses are too large if the number of acres in the colony is

small. Probably to render the desirable amount of service under conditions like those in northern Wisconsin a colony should embrace not less than 20,000 acres, and a project of 50,000 acres is in a still better position to render service.

Over thirty foreclosures of contracts were advertised recently by one company in a single issue of the *Radisson* (Sawyer County), Wisconsin, *Courier*. It is said that the company itself was embarrassed. But in the three projects which the writer has studied, and which he has described in the present article, a foreclosure is rare indeed, and broadly speaking it may perhaps be said that it does not often occur in the case of the honest settler who is cultivating his farm and really trying to do well. In Marathon County, Wisconsin, a very large dealer whose experience covers a period exceeding twenty years writes, "I have never known a worthy settler to be crowded for his payments."

If guided honestly and if wisely planned and directed, private colonization is generally successful for the settler; and similar conditions spell success for public colonization, as in New Zealand, where the settlers generally meet with success, failures being the exceptions, as is shown in the official reports.

DATA SHOWING THE SUCCESS OF LAND SETTLEMENT BY THE NEW ZEALAND STATE SYSTEM.<sup>1</sup>

Grade of report	Progress in past	Present position	Prospects
	(Per cent)	(Per cent)	(Per cent)
Excellent . . .	3.8	2.2	15.6
Good . . . . .	64.0	65.0	60.8
Fair . . . . .	16.4	10.9	9.7
Satisfactory . .	10.0	5.0	—
Prosperous . . .	—	10.0	—
Sound . . . . .	—	1.0	—
Success assured	—	—	7.3
New . . . . .	2.8	2.8	2.3
No reports . . .	2.2	8.0	2.9
Questionable or liable to failure	1.8	.6	1.4
Total . . . . .	100.0	100.0	100.0

<sup>1</sup>Table taken from Dr. Theodore Macklins' manuscript on New Zealand, a piece of work begun in the graduate class in land problems conducted by the present writer in coöperation with his colleagues, Professors Taylor and Hibbard. These data refer to a total of 1,490,000 acres of land that were purchased by the government of New Zealand during a period of years from 1894 to March 31, 1914, or prior to the war. Of this area the original ownership was comprised of 264 holdings. The subdivided ownership or at least settlement occupation was 5,529 holdings.

But now let us look at the reverse side of the shield and consider the limitations of private colonization and the consequent necessity of public action to supplement private activity.

John Stuart Mill's discussion of the "limits of the province of government" in his *Political Economy* is well known. He begins the discussion with the statement of the reasons for the "non-interference-principle." He finds, however, important exceptions to the rules of laissez faire when he comes to consider the buyer of goods and the consumer. He uses these words:

Is the buyer always qualified to judge of the commodity? If not, the presumption in favour of the competition of the market does not apply to the case; and if the commodity be one in the quality of which society has much at stake, the balance of advantages may be in favour of some mode and degree of intervention by the authorized representatives of the collective interest of the state.

Now if there is any one case in which the purchaser alone and unaided frequently is unable to pass judgment, it is in the case of the buyer of land. Very often, indeed, the purchaser is well qualified and neither asks nor requires any assistance in buying land. This would hold particularly with respect to old settled sections. But the cases where the purchaser cannot safely follow his own judgment are so numerous as to have great social significance. If land is not wisely selected, there is waste of labor power and of capital, and a serious public interest is involved. California affords conspicuous illustration of the difficulties of wise selection of land, and especially so in the case of land used for raising fruit. One piece of land may be highly productive and planted with citrus fruits, and another piece a few rods off, looking much like the first land, may be far inferior. Pieces of swamp lands in Wisconsin which superficially look alike differ widely in regard to present fertility and lasting qualities.

There is a public recognition of the needs of assistance in the selection and cultivation of lands in the soil surveys undertaken at the expense of the federal government and of the states, but these do not give the settler all the help he requires. Probably in northern Wisconsin not one settler in three knows how to make use of the soil surveys of Wisconsin, even if he is aware of their existence.

In Wisconsin we have gone somewhat further in our attempts to protect the purchaser of land through the activity of our State Department of Agriculture. We have connected with this depart-

ment a director of immigration of a new type, Mr. B. J. Packer, and it is a pleasure to mention his name. His activities are far different and better than those of the old kind of state immigration agent. He thinks, first of all, of the settler and his well-being and endeavors to protect him against mistakes in buying land and then to help him after he has bought the land. Space is not adequate to do more now and here than to indicate briefly his methods, for it would take an article to describe fully Mr. Packer's work.

The principal doorway into Wisconsin is through Chicago, and Mr. Packer advertises in the Chicago papers that on certain days he will meet those who wish to buy Wisconsin lands at the United States Immigration Station. He talks with each would-be settler in order to ascertain his intentions and his fitness for going on the land. The writer has sat next to Mr. Packer's desk and listened to his interviews with his "prospects." One of the inquiries is this: "Does your wife want to go on a farm?" If the wife does not wish to go, he warns the man that he is not likely to be happy and successful, and tells him that he had better go back and talk it over with his wife. He discourages those who for any reason are not likely to be successful, and then attempts to direct the settler to desirable sections and help him make a wise selection of land. Naturally he does not mention any real estate agents, but gives the settler the following letter:

TO WHOM IT MAY BE OF INTEREST:

The bearer, \_\_\_\_\_, is in touch with this department and is looking for a farm home in Wisconsin. It is our purpose to keep in communication with him to learn of his progress in farm development and to ascertain if he is satisfied with the treatment received by any person or firm selling him lands. Any complaint will be promptly investigated and any courtesies extended him by those with whom he may have business relations will be appreciated.

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*Director of Immigration for Wisconsin.*

This letter is by no means of negligible significance to the settler, as may be seen from the fact that one Chicago agency refuses to sell land to men bringing the letter from Mr. Packer, being afraid of possible consequences. Another doorway into Wisconsin is through Minneapolis and St. Paul, and at these points an attempt is made to reach the immigrant into Wisconsin. Many are also reached through letters directed to the Director of Im-

migration, at Madison. In various ways Mr. Packer gets hold of a considerable proportion of the immigrants into Wisconsin and warns them as well as he is able against the purchase of worthless lands, and, so far as he may, against land sharks. His idea is not to get a man into Wisconsin, but, to use his words, to get a man into Wisconsin who "will stick." Some have been inclined to criticise him for turning men away, but the results justify his methods. The writer recently made a tour of investigation with Mr. Packer to visit those whom he had placed on the land. He found one of these settlers who had brought into the state nine others, and another settler who had brought into the state five others.

The purpose in speaking of Mr. Packer's work is to indicate very briefly one line of activity followed by those who are pursuing modern methods of land settlement. It is hoped later on to describe more fully Mr. Packer's work and to give statistical details. It can be seen, then, that a public interest is at stake in the wise selection of land, and that the humble settler needs assistance.

The land business has been proverbially a business on a low ethical plane. It is being put on a higher plane, and there are many conscientious real estate men who are rendering a social service of a high order in the work; yet there are many dishonest ones still active, and it is necessary that all right-minded people use every effort to put the business of selling land and of colonization on as high a plane as the best mercantile business, which finds a profit in protecting the consumer. Various associations of real estate dealers are engaged in praiseworthy efforts to expose dishonest practices and to encourage a right professional spirit. The writer has recently made addresses before gatherings of real estate men in Chicago, Milwaukee, and Minneapolis, and has taken for his subject "The real estate business as a profession." Everywhere he has been gratified by the response to his appeals for higher standards. This promises much for the future, because the real estate man must always play a large rôle in the settlement of the land; and, if he is competent and right-minded, he can perform services of a very high order.

In addition to private associated efforts, it is necessary to have public activity. The honest dealers must separate themselves from the dishonest ones and encourage every effort to infuse into the real estate business a true professional spirit.

Mention has already been made of the large amount of capital needed for successful colonization according to modern methods. Those who start colonization schemes with inadequate capital come to ruin, and in their ruin they drag down humble settlers and wreck lives. What shall be the remedy here? We prescribe conditions under which corporations may be formed and attempt with ever increasing degree to supervise the activity of the corporations. It could be made a condition in incorporating land companies that their plans should be submitted to some public authority, and that they should not be allowed to engage in business until these plans had been approved.

Another suggestion now frequently heard is to be cordially commended, namely, that real estate dealers should be licensed, and that higher and higher standards should be required as a condition of receiving and retaining a license to do real estate business. This is one of the first steps taken when an occupation begins to become a profession.

Let us suppose then that we have honesty, capacity, and adequate capital engaged in private colonization. Have we then all of the conditions necessary for the establishment of a harmonious system of land settlement? Let us look at the matter of what is called the closer settlement of the land from the point of view of the public interest and offer just a few suggestions.

One obstacle to the satisfactory settlement of northern Wisconsin is that the areas of cultivated farms are sometimes separated widely. There may be a group of farms in a settlement and the next settlement may be miles away. Also there are isolated farms far removed from one another. This scattering is a great disadvantage to all the interests concerned.

The seller of lands who wants to do the right thing by the settler, and who also has the interests of society at heart, finds that he is hampered and hindered by the fact that the settlements are not close and compact. He cannot make the improvements which would otherwise be possible. If, on the other hand, the individual or company owning the land has a great tract of land without interspersed holdings, systematic plans can be made involving large expenditures, while at the same time the overhead expenses connected with sound colonization need not be excessively large for each family. If there are others who own land here and there in the midst of a project owned by one person, there is lack of harmony of interests, and those who own these scattered



districts may do nothing or may even obstruct the general plans and at the same time make a profit from the activity of energetic, forceful, and capable owners and planners of settlements.

The state, county, and town have an interest at stake where the farms are scattered. All public improvements in such cases involve excessive costs if these improvements are to be satisfactory. This applies to roads, telephones, schools, and so forth. Society loses because the individuals composing it are not so prosperous as they could be. Educational facilities and other advantages of organized society are less than they would be if there were closer settlement.

The great watchword in New Zealand is "The land for closer settlement." This was the idea of the man who as much as any one else was the founder of New Zealand settlement, Edward Gibbon Wakefield. His idea was that settlement to be really successful should be close settlement. Economic success depends, he said truly, upon combinable labor, land, and capital; and on this account he advocated the "sufficient price" for new lands, as already described.

It has not been possible to carry out exactly Wakefield's ideas, although in general in recent years they seem to have made an increasingly favorable impression. The idea of closer settlement has persisted, however, and this has been one of the animating motives of the New Zealand government in the purchase of large tracts of land and the sale of the same to settlers.

Another suggestion in regard to closer land settlement comes from the experience of Ireland, Bavaria, and Russia, as well as from England. Agriculture has in these countries long been obstructed by scattered holdings or "intermingled holdings," as they are called. The farm owner in these countries frequently has his farm in many small and widely scattered strips. The exchange of these scattered holdings so as to bring them together into a single piece of land, if possible, or into the smallest possible number of pieces of land, where a single consolidated farm is impossible, has been one of the great features of land reform in all these countries. Is not the public interest in consolidating the land ownership, so that the settlement may be with us also closer settlement, sufficiently great to warrant the state in doing whatever may be practicable to bring about closer settlement, even if this involves public purchase and sale of land or possibly in some cases the compulsory exchange of lands? This may not be con-

stitutional at the present time, but constitutional changes are possible and desirable where there is a great public interest at stake.

Another obstacle to successful private colonization is found in the existence of sub-marginal lands; that is to say, lands which when cultivated will not give normal returns to labor and capital and which will still less yield a surplus in the form of rent. These are found probably in every state of the Union, and in a few states a large proportion of the land is sub-marginal. It has been estimated that something like one third of the land in northern Wisconsin is sub-marginal, although the remaining two thirds is productive and very much of it highly so. The sub-marginal land is privately owned, very largely, and affords a temptation to the owner to exploit the unsuspecting settler. California and the fruit sections of the country generally give us conspicuous illustration of fraud connected with sub-marginal land. Every traveller in California who is at all familiar with conditions knows that orchards are planted for two purposes, one for fruit and the other for sale to the "tenderfoot." What are we going to do with sub-marginal land? No complete solution of the problem of sub-marginal land will be attempted here and now, but in a general way it may be said that the aim should be to bring it into public ownership and make the best possible use of it. Without entering into all the complexities of the idea of marginal land, it may be remarked that land sub-marginal for private use may be super-marginal for public use. By condemnation it could be secured at its real value. Frequently the land which is sub-marginal for agriculture may have a value for forestry.

Now let us come at once to the heart of the question, so far as public regulation of the land is concerned. We must regard land as a public utility, and of all public utilities must we not, indeed, look upon it as the chief, as being the foundation of all life? In early days, when land existed in superabundance, there was less reason for considering it a public utility than at the present time when the pressure of population upon the land is being felt in all parts of the world and when the paramount question is that of furnishing food to the forces struggling in war for the maintenance of liberty and civilization. The world over, *laissez faire* with respect to land ownership has broken down. We do not have it in Wisconsin or in any part of the United States.

Our states and federal government give constant encouragement to farming and make large and generous expenditures to promote agriculture. All that we are urging is a logical extension of that which already exists.

What we need are land commissions or land settlement divisions of our departments of agriculture to exercise not precisely the same functions which our railway and public utility commissions exercise with respect to railways and public utilities, but analogous functions. Price regulation of land is not something which is to be advocated for the present, if at all. It may be found that if the other things needed are done, the price of land will take care of itself.

There are excellent men among the dealers in land, and these ought to join in any movement which would separate the sheep from the goats. They have everything to gain and nothing to lose by measures which protect the settler and bring about the right kind of settlement. Proper supervision would give confidence to the intending settler and would do more than anything else could do to bring to any state with a land commission of the desired functions a good class of settlers and an excellent development.

Having land commissions, the various needed activities of the state and federal government could be centered in such commissions. Here again needed activities to make successful the settlement of the land simply mean an expansion of what is being done at the present time. Perhaps it would be logical for the state to regard itself as a trustee for the people, so far as the land is concerned. There is certain to be an increase in public ownership of the land. The experience of Ulm in Germany is here suggestive. The city as such owns a large proportion of the land in Ulm and is engaged in buying and selling land. More and more the state and various political units become purchasers of land and improvers of land. It is not unreasonable to anticipate a time when the buying and selling of land, in order to bring about desirable land settlement, will become one of the great functions of the modern state.

The development of agricultural education is one of the most remarkable features of the educational history of the last fifty years. It would take a long paper to tell all the things that are being done to promote theoretical and practical agricultural education. We have gone so far that in many parts of the country every county has its agricultural adviser, while agricultural insti-

tutes reach hundreds of thousands. We need to work further along existing lines and to give attention in our agricultural education to the agricultural ladder. We have neglected unduly the proper organization of agriculture and have not attempted systematically to provide a suitable labor supply. Recently we have undertaken to provide a more adequate supply of capital, but we still lack a proper proportion of labor, in order to get the right combination of the requisites of production.

As a part of the general plans for colonization, it is suggested that the educational features of farm life should be developed. Farms where labor and living conditions are right and where there is good farming should be certified. Moreover, there should be an agency having an interest in the boys and girls who may desire to go on these farms and work for wages.

It is instructive to learn what Miss Gildersleeve, dean of Barnard College, has done in connection with farm work by girls along the Hudson River, north of New York. The girls were organized; they lived by themselves in tents and did work for the farmers, picking fruit, and so forth. That the conditions of work were satisfactory was seen to by those having the girls in charge. It is said that at first the farmers were inclined to poke fun at the idea of getting work worth while from these girls, but they soon learned to value them, and the demand for their work was greater than the supply. Another feature of this plan to be noticed is that it did not involve additional work for the farmers' wives in caring for the hired help, as the girls had their own cook and boarded themselves.

Many years ago, coming back from England, the writer found on board the steamer a large number of English boys and young men, intelligent, strong, altogether a very pleasing company. They were coming to America to learn farming and were in charge of an older man. It seemed that they paid a considerable sum for this opportunity. Apparently the man having them in charge brought them to America and turned them over to American farmers. It is doubtful if they received much real supervision. Doubtless some of them were fortunate enough to secure good homes, where they had excellent opportunities to learn what was best in American farming. Probably others were simply exploited.

There is no doubt that in different parts of the world and especially in many places in America there are thousands, possibly even hundreds of thousands, of boys who would be glad to go on

farms and whose parents would be glad to have them do so, provided they could know two things: first, that the conditions of life in the farmer's family were wholesome; and, second, that they would have an opportunity to learn good farming methods.

The universities now certify farms for those taking the long course; that is, the full course of four years. Why should not the universities and the departments of agriculture organize and extend the work of certification and supervision? They could thus attract a large number of very intelligent young men, many of them with a considerable amount of capital. While the writer has principally young men in mind, there are doubtless some young women also who would be glad of such an arrangement.

Before closing this paper the writer would like to add another suggestion. One of his former students, the late Dr. E. R. L. Gould, organized the City and Suburban Homes Company, which has done, and is doing a great work in New York City, Dr. Gould having been succeeded in the presidency by Allan Robinson. Its aim is to furnish the best possible dwellings, particularly tenements in New York City, compatible with a very modest return to capital, say 5 per cent. The company has a capital of six or seven millions of dollars. While the return to the capitalist is not large, it is a very safe return and is not altogether unsatisfactory as an investment. Probably those who put their money into this company have since it was organized received as large a return as have purchasers of high-grade bonds, and their investment has been equally safe. Now what is here suggested is the organization of companies to begin where the City and Suburban Homes Company leaves off. Such companies could be called Suburban and Country Homes Companies, or, if they should confine their activities to farms, Farm Homes Companies. The idea is that they should limit profits to a maximum of 6 per cent, no more than necessary to secure the requisite capital. Obviously a higher return than in the case of dealers in New York real estate is required, because there would be perhaps a little bit greater risk and because the return on capital outside the great cities is somewhat larger. Such a company should do the best possible for the land purchaser that is compatible with the modest return to capital invested. The business of the company should be put upon the same plane with that of the highest mercantile practice. The best advice should be given to the would-be purchaser of land, the result of which would often be advice against land pur-

chase. Such a company should have well selected lands of its own, but should likewise give advice with respect to other lands. The trustees or directors of the company should be men of such high standing as to command the confidence of the community. Those actively engaged in the work of the company should receive reasonable salaries, and that means salaries which would attract capable men. Such companies should act in conjunction with our universities, especially with the agricultural colleges and the department of economics. In many cases they might put pieces of land into the hands of universities for platting, as demonstration farms are now put in the hands of agricultural colleges for technical agricultural demonstration.

Perhaps a portion of the profits of land companies, as here advocated, should be devoted to purposes of scientific investigation of land problems. Money is given by the hundreds of thousands to conduct agitation, but very little is available for scientific investigation of landed property. It is appropriate that landowners should contribute funds, on the one hand, for the establishment of companies of the kind mentioned, and, on the other hand, for investigational work. It is appropriate that landowners should defray the expenses of an examination of the institution of landed property by which they profit and from which they believe society as well derives an advantage. This means a voluntary recognition of the obligations and duties which accompany rights in general.

One argument for landed property is that the landowner has a stake in the community, and that landowners have a special social mission as the most solid, substantial element in society, and that they should appreciate land ownership as high and honorable. It is in harmony with this thought to make an investigation which shall be impartial and fearless. If land is a bulwark of the social order, it is not merely a selfish undertaking to make fully known the reasons why it is so. Surely all thoughtful people who know what is going on in the world must feel the urgent and immediate importance of the subject of landed property. Surely it is high time for the private landowner to arouse himself in regard to the world-wide situation. In Mexico proposals of confiscation of land have received serious consideration, and many a landowner there is at the present time in an unenviable position. While strong arguments can be advanced against the position, there are those who nevertheless hold that the land question is



at the bottom of the disturbance in Mexico. Certainly any solution of the Mexican problem will involve some treatment of the land. And we all know how serious is the situation in Russia. The land problem is one of the main problems connected with the revolution in that unhappy country, and proposals of confiscation are there rife and have been endorsed by those who officially dominate the government at Petrograd.

Another urgent reason for action is connected with the settlement of soldiers and sailors on the land. This question of the settlement of the soldiers and sailors on the land has already been considered by our Allies in the great war now going on. It is regarded as one of the urgent questions in England, Australia, and New Zealand. Investigations have been conducted in England for some years; New Zealand has land legislation; and important proposals in regard to the settlement of the land by returned soldiers and sailors have been made both in Canada and Australia. Every great war we have had in the United States has left its mark on land legislation, and it is very certain that the present war will not be an exception. Men are dislocated by war, and in casting about for means of gaining a livelihood many of them naturally turn to the land. Inquiries among Australian soldiers during the present war have revealed the fact that 40,000 have expressed a desire to get on the land. We should begin immediately making investigations in order that we may be prepared when our boys come back to place them on the land so far as they desire, and under the best conditions for them and for the country.

No one can be better aware than the writer that in this paper he has simply opened up great questions, and that the data presented are few. It is important that the work of gathering data should be carried forward and extended to all parts of the country. In the present paper data typical of the best colonization schemes, or, at any rate, the better colonization schemes have been given. A beginning has been made of the study of failures and their causes. Where settlers are placed on good land under right conditions, failures are few. Where they are placed on poor land and under wrong conditions failures become the rule rather than the exception. For very obvious reasons, it is more difficult to study failures than successes, but the beginning which has been made will be continued and later the results will be presented.

One statement in this article is likely to be challenged, namely,

the assertion that there are as good opportunities to acquire farms in the United States as there were in the days of free land; and the writer hopes later to present details, comparing the opportunities now with opportunities in the past to acquire land, and to substantiate his statement. Perhaps one single statistical comparison may be at least suggestive. The father of one of the writer's colleagues has sold hogs in Iowa in the seventies for \$2.25 a hundred. This colleague, however, has recently sold hogs at over \$16.25 a hundred. The present writer and probably his colleague also would much prefer chances of acquiring a farm in northern Wisconsin, or for that matter in many other parts of the United States with present high prices, than to take the old conditions which existed in Iowa with prices not the very lowest, but prices which prevailed during a period of several years in length; and in each case starting out without a dollar and having to earn by labor the money to make a start. But the conditions of successful settlement are different and social agencies must now play a far greater rôle to secure the best attainable results.

Now that the question of landed property is becoming one of the greatest questions of the day, if not the very greatest, it is of the highest importance that studies concerning the private settlement of the land should be made in every part of the United States, and that these should be exhaustive. Otherwise, there is danger that rash and mistaken steps may be taken which will produce bad consequences. Perhaps it may not then be improper to call attention to the fact that this situation has been fully recognized by the new American Association for Agricultural Legislation, and that a committee has been appointed on land settlement, of which the present writer is chairman. Studies of the settlement of the land are already being made under the auspices of this committee and by others working independently. Kansas, Arkansas, Washington, Ohio, and Wisconsin may be mentioned among the states where to the knowledge of the present writer investigations have already been begun. There is every indication that in the near future such investigations will be under way in nearly every state of the Union.

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## HISTORICAL APPROACH TO ECONOMICS

In these days when the attention of students of economics is directed so frequently to particular branches of economic study and when the tendency toward specialization in these branches seems to lead almost to the exclusion of the broader basis of economic theory, it is well to call attention anew to the essential unity existing in the study of history, politics, philosophy, and economics. To do this properly requires the study of economic theory and economic institutions from the evolutionary point of view. On this account, then, the student of economics who aspires to a real knowledge of his subject must approach that study by means of the historical method. This paper constitutes a plea for the historical approach to economics, and in the support of this plea it seeks to point out the manner in which the study of economics is dependent upon data drawn from the other social sciences and to show in turn how the practice of economics, or economy, modifies those social sciences. For this purpose the paper will deal with the relations between economy, economics, and economic history, the interdependence of economics and politics, the economic interpretation of history, and the stages through which economic society has passed in arriving at its present form of organization.

Economy and economics are terms much used interchangeably. A distinction is often made between them, however, and this distinction deserves emphasis. When made, the distinction usually turns upon regarding economy as the more concrete term and economics as the more abstract. Thus, economy tends to designate a mode of action involving the relations of men in a group pursuing their living. Some, perhaps most, writers would hesitate to say further that therefore any group of persons associated directly by customs or law in the pursuit of their living may be regarded as constituting an economy. But precisely this step requires to be taken in order to have the service of a concrete term which will definitely correspond to its abstract counterpart. The word economy, in consonance with its historical significance of management of the affairs of a house, a community, or estate, includes in its connotation not only the economic act or action, but also the actors and agencies which are necessarily implied or involved in any system or art of management.

Any organized activity which has for its purpose the securing of a living constitutes an economy. Every form of organized activity involves or implies a group of persons engaging in common or con-

certed activity. Hence it is not resorting to the use of a violent metaphor to speak directly and specifically of any group of persons or individuals associated by custom or law in the pursuit of their living, or in seeking their living, as constituting an objective or concrete economy. In this sense we can speak of a hive of bees in active operation or a tribe of savages or a community of civilized men as an economy. But neither the hive nor the bees, nor the individuals composing the tribe or nation, are to be considered separately—but all or any of these in their correlated and inter-related activities or engaged in distinct but related sets of activity constitutes an economy or economy. It is not saving nor efficiency merely which constitutes economy. Any act or action performed and the person or persons involved in the performance of the same for the attainment of some end in pursuit of a living individually or collectively considered, enter into the make-up of a completed concept of an economy. Viewed thus concretely and comprehensively, an economy may be public or private. From this viewpoint the state, or any division thereof, and in early society any integral clan or tribe, constitutes a public economy. The various voluntary associations in the pursuit of gain, including all forms of corporations for business purposes, and usually families, constitute private economies. The actions or supposed actions of one person like Robinson Crusoe may be defined as an individual economy. Public and private economy may be contrasted as political economy and social economy.

Economics seeks to discover and enunciate the rules, principles, or laws, which underlie human activity in pursuit of a living. Some economists try to reduce these rules to the single law of parsimony, or the principle of seeking the greatest gain by the least effort; these identify the word economy with saving. But this limitation is neither historically nor logically necessary.<sup>1</sup> The adaptations and adjustments, or readjustments, of ways and means to ends in any specific economy cannot always be reduced to the single and somewhat troublesome negative concept of saving. In the earliest economy there was no search for general principles, but there was a search for food. In the ascending scale of economics the principle of saving or efficiency began first to be invoked, but wholly unconsciously, as the earnings or rewards of exploitation and conquest began to show themselves through the effective organization of governmental, political, or regulative institutions.

<sup>1</sup> Cf. Fetter, *Economic Principles* (Century Co., 1915), p. 7.

Even modern economics did not begin with any conscious search for the principle of saving or the principle of efficiency. It began rather with the assertion and concession of the right to freedom of contract. To have won this concession from churchmen was a great achievement. The mercantilist and cameralist stage of modern economics centered attention on problems of finance and management or administration, and was devoted largely to developing two branches of applied economics, namely, public finance and public administration. The English classical economy has since extolled the virtue of saving or abstinence as the true basis of achievement in commercial imperialism and in the private enterprising of a present world economy. But of late the plodding industry of the world has again centered attention on the importance of management or administration, and has again brought into the foreground the viewpoint of cameralism as an aspect of economy and as subject-matter for scientific treatment by the scientific economist. Hence we have now a *melée* of courses on business efficiency and business administration, and their recognition also, extensively although somewhat indistinctly and hesitatingly, as part or phases of an orthodox economics.<sup>2</sup>

Economics may be simply defined as the science of man's effort in the pursuit of a living; or as the science of the production and distribution of wealth; or more fully as the science of the organization, management, adjustment, and readjustment of ways and means available for attaining or realizing the ends of a rational existence individually and collectively; or adhering more strictly to its original Greek meaning, as the science of the organization and management of business or industry. In none of these definitions need we overlook the close relations which must exist between economics and politics, a relationship which has been in existence throughout the entire period of the history of economy, economics, and economies.

<sup>2</sup> In the present attitude of the world and of a formative world economy the call for efficiency has taken the place of the old preaching about saving and abstinence; it is, however, true that the efficiency movement and the older eulogies on saving and abstinence did have and now have much in common with each other. At present a more potent and positive concept than the concept of saving or abstinence must be employed in order to state the full scope of historical and now existing concrete economies, and in order to frame, formulate or expound any complete and adequate system of abstract economic theory or any competent science of economics.

Economic history aims to give an account of human progress from the earliest forms of the economy of primitive man, shall we say from the simplest animal forms of man's economies, to the highly complex forms of man's civilization. Otherwise stated, economic history aims to trace the story of economic progress from the simplest early forms of man's organized existence in the pursuit of a living, to the highly complex forms of modern life. From this point of view economic history becomes genetic economics which I regard as an important branch of descriptive economics.

Genetic economics may be defined by closely following the Greek meaning of economy and economics, as the science of economic organization, management, and achievement viewed and presented historically. Economic organization was the first form of social organization. It was also the first form of political organization, because it was itself the primary form of society upon which political society was constructed.

Economic history is social history which, although it is in no sense drum and trumpet history within John Richard Green's meaning of those words, can yet not wholly ignore political and military history. Economic history must take some note of church and state and of the sword as well as plowshare, chisel and plane, hammer and forge, spinning wheel and loom. Economic history, if used broadly, embraces a study of the development of industry and industrial organization in general, and it will include notice and recognition of the development of economic theory. Genetic economics or evolutionary economics thus is real economic history in the same sense that technological history is history of technology. The primary purpose, indeed, of the study of economic history is to inquire: How and why does industry or business tend to organize itself, and what are the successive stages of economic achievement? Accordingly, economic history occupies itself chiefly with successive forms of industrial organization and with successive stages of economic progress. Economic organization takes form and expression in the state, that is, in integral society and what is permitted thereby, in accordance with its own estimate of its welfare. Economic progress is progress in achievements or inventions representing the growing mastery of man over nature; it is progress also in associated living as related to the production and distribution of goods. The former is central in the production of economic goods; the latter, in their ownership and distribution, which are inconceivable without some system of law both public and



private. The two factors are combined in economic organization. Economic organization coördinates the means of production with some system of distribution taking form in custom or law authoritatively sanctioned or administered by society or the state. Economic organization passes through great transformations in successive culture epochs. In order to draw inferences respecting economic laws and tendencies long-time periods must be taken into consideration. Hence the importance of economic history for an appreciative understanding of the principles of economic science.

By a broad use of the term, even animals may be credited with economy. Many birds, the squirrel, the beaver, and other animals, may, without violence of speech, be said to possess and conduct an organized mode of living which, taken as a whole, can properly be called economy; the ant and the bee have elaborate types of organization and coöperation in the pursuit of their living, but economic history can take no note of these.

Human economy may be contrasted with animal economy, but the two have some things in common which should not be overlooked. In biology we meet with a more general concept of economy also evolved from the Greek *οἶκος*, house or *οἰκία* household. From housekeeping, as a system of activities and relationships that subserve the well-being of the housekeeper, the biologist derives the highly general notion of economy as any system of activities and relations which furthers the well-being of any class or species of living things. This biological meaning of the word gives us such phrases as "the economy of the animal kingdom," "the economy of the vegetable kingdom," and even the most general concept of all, "the economy of nature." In these notions there is no implication of consciousness, of pleasure or pain, and no presumption of intelligent planning or management on the part of the organisms that are benefited by their company. The thought is altogether objective. Such an objective use of the term economy has its place also in history and in the description of social phenomena. To ignore or discredit these biological aspects<sup>3</sup> of human life is likely to result in obscuring the truth that in even the most progressive industrial-social economy of man, there is

<sup>3</sup> Professor Giddings, in an article entitled "The Economic Ages," *Political Science Quarterly*, vol. 16, p. 195, controverts the propriety of this biological point of view in social science. The biological view, however, cannot be taken alone or by itself without its physical or social complement. The plea here made is simply for a recognition of the biological factor in its place.

much that is so far beyond the control of the individual that he is often ground like an atom in the economy of nature.

As there is an underlying unity between the physical and moral world, so there is an even deeper unity between all forms of human activity. Most conceptions of social unity are based on the analogies discoverable in the natural sciences. We begin with the mathematical or formal sciences, and pass through the material and the biological, and end with the psychological, sociological or social sciences. The term organism strictly relates only to the organization of the individual animal or plant. But by way of metaphor, in order to mark the analogy between plant or animal and social life, society has been called an organism, because made up of mutually interdependent parts. This has been called the organic conception of society.

In contrast with the organic conception of society, which is, after all, largely figurative, we must accustom ourselves to form direct conceptions of social unity which rest upon the facts of human organization for coöperation in the accomplishment of some common end or purpose. We must guard against the tendency to overlook the presence of will and purpose, the psychological factor in the development of human society.

In the sociological conception of social unity, the fundamental principle of social evolution is organization resting upon the conscious purpose or the will of individuals acting collectively or in coöperation, not an organism. It is the psychical which colors and gives character to everything that can be described as distinctively human.

Nevertheless, in social evolution we cannot ignore the presence of other and lower bonds of unity whose active coöperation in binding societies or groups of individuals together continues to assert itself sometimes, even in spite of or against the social will of the group. The lower bonds of unity remain active so far as human societies are rooted in and influenced by their physical and biological constitutions and environments. This large truth in social evolution may be emphasized to the neglect of psychical factors, but it should not be omitted in giving a complete account of the factors of social or economic development.

In a rudimentary society, every part fulfils for itself all needs. Progress to a stage wherein a standing army is maintained can go on only as there arise arrangements for supplying that army with

food, clothes, and munitions of war by the rest. If here the population occupies itself solely with agriculture and there with mining, if these manufacture goods while those distribute them, it must be on condition that in exchange for a special kind of service rendered by each part to other parts, these other parts severally give due proportions of their services. This division of labor was first described by political economists as a social phenomenon, and thereupon recognized by biologists as a phenomenon of living bodies, which Spencer called "the physiological division of labor."<sup>4</sup>

An internal regulative system develops as society increases in mass and organized efficiency. The opposition between mine and thine results in struggles which issue in property rights, at first defined by truce, consent or custom, which are later enshrined in tablets and written records, or in statutes and codes, so complex as to require the expert advice of the professional lawyer with the elaborate machinery of modern judicature for their interpretation and application, supported by the widely ramifying and far-reaching agencies of public administration. Viewed in this light it is not difficult to see that even the so-called political institutions are economic in their origin and ultimate significance.

It is economic impulses, efforts for the satisfaction of desires, that lie at the root of the first movement for political organization; it is a continuation of these impulses in new forms, a struggle of the higher collateral wants as they arise, that promotes the further evolution of political organization. For purposes of analysis and study, the sustaining and the regulative systems may be differentiated as the subject-matter respectively of economics and politics, but this must not be done without recognizing their essential interdependence, if we may not insist on the essential subordination of the one to the other.

Economics is the more fundamental, the more primary social science, in the sense that its roots lie deepest in the order of time.

<sup>4</sup> Spencer, *Sociology*, vol. I, pp. 439-440. The reference to political economists applies especially to Malthus.

Notwithstanding rather severe aspersions in recent years on the value of the biological analogy in the study of human society, it may be urged that the biological analogy still affords a useful scaffolding to younger students for mounting to the broad empirical and historical basis for the study of the development of social institutions. In every stage of evolution, structure and function react on one another. Structures reveal function; function dominates structure. Structure, though it follows function, also survives it. Hence we speak of atrophied organs and decayed institutions.

Politics is derived in the same sense that the institutions of government develop subsequent to the primary economic organization of mankind in the quest for food, and is in turn conditioned by economic motives and environment. Even in the advanced stages of civilization the function of the state must ultimately be limited and controlled by the available income of the state; *i.e.*, by the fund of wealth at the disposal of any given community.<sup>5</sup>

The economic interpretation of history considered as a phrase for the designation of a philosophical view of history is comparatively new; but considered as a doctrine from time to time applied to the explanation of social phenomena, it is old, dating back at least to the Greek period of the beginnings of social science. It follows naturally from the fundamental importance of economic life, from the fundamental importance of industry as the condition of sustaining that life, and most of all, as the condition of sustaining the plans of ample and complete living, *not to live merely but to live well*.

The life of the individual man must move with the framework of the social structure of which he forms a part, by which he is made, and in turn modified as this social structure changes. The original construction or growth of societies and consequent transformations which societies undergo are to be traced in large measure to economic factors which themselves condition the relations of social classes and social institutions and the various manifestations of social life. These are the fundamental tenets underlying an interpretation of history.

Shall we omit the research in history and say, Let the dead past bury its dead? I will answer in the spirit of the geologist who has deciphered rock stratifications: Let the living present read the record of the dead past wherever such record, or traces of record, in literature and art may be found above or under the earth, and let us not despise a gastrocentric theory of civilization as concerning itself with things too lowly in origin. Let the living present read the record of the dead past in folkways, in manners and customs indicating ways and means of sustaining life and advancing welfare by controlling the house through economic organization, economic effort, and economic achievement. Let us seek evidence and witness of economic advancement during the first culture stage in folklore of myth and legend whether it reveals the economic life of the primitive man of many centuries of the past or the economic

<sup>5</sup> Cf. Adams, *Science of Finance*.

life of the contemporary savage, or the contemporary barbarian, of the present. In this sense the study of the foundations of economics is not ancient history, but it is quite as much modern and contemporary history.

Whatever may lie beyond us and above us, we know that behind us and below us the economic element, the economic factor, has hitherto played and is now playing an important rôle in the world's development. Let us neither shun nor avoid, but seek rather to devise, or assist in devising, an economic interpretation of history, without however affirming the economic or material as an exclusive or all-embracing interpretation of history. Let us recognize in addition thereto whatever else may require recognition in order to explain the phenomena of the universe and all phases of human history, but to this large task the economist does not address himself. Economic history should be written and studied in the spirit of modern science, not in the spirit of the ancient philosophy which is still imposing many impossible tasks on the historian, although philosophy itself has become more modest as it has come more and more under the sway of science on the one hand, while science has become more ambitious and aspires to transcend itself by speculating freely in problems of philosophy.<sup>6</sup> In pragmatism, it seems to me, philosophy and science have clasped hands or touched hands. In discussing with students and colleagues what should be our attitude to history, I have often been asked: Are you a Darwinian, or a Spencerian? I have always been inclined to demur, for I am neither. I do not attempt to play the rôle of Darwin, the great naturalist, nor of Spencer, the bold philosopher who, with the aid of amanuenses, traversed the whole gamut of the sciences. The economist might as well be asked: Are you an Aristotelian, or an Hegelian? He is probably neither of these.

<sup>6</sup> This speculative attitude of modern science was exemplified by one of my colleagues, a physicist, who, on November 14, 1908, gave a short expository talk on the higher physics to a small group of his colleagues whose specialties lay in various groups of sciences, history, and philosophy. His subject was, "Ether" and a summary of his talk was subsequently thus worded by another colleague, a specialist in English: "Ether has weight, resistance, elasticity, and other qualities, or it has them not; that is, if there is an ether. It revolves with the earth or it does not revolve with the earth, if the earth and ether are not the same, and if there is an ether or an earth. In physics it has no place; but it penetrates everything else, especially metaphysics. Ether is an evacuated vacuum. The purpose of physics was said to be the reduction of phenomena to law, law was described as an undemonstrable theory."

The latter question had better be addressed to an old-time metaphysician.<sup>7</sup> I look on economic evolution as a phase, an aspect, of social evolution. The economist may employ the word evolution as unitary and unifying concept to which and by which he relates the varying economic aspects of an ever forward moving, though not always an upward moving, unfolding life.

Among modern writers who have emphasized the importance of the economic factors in the account of progress, Marx stands out prominently. He sought distinctly to explain how the physical forces, so far as all social movement may be analyzed into these, are themselves conditioned by the physical environment. The same thought is found in writers before Buckle, in Vico, Montesquieu, and Aristotle. Buckle had the advantage of his predecessors in so much as the natural sciences were more fully developed in his time. In the second chapter of his *History of Civilization in England*, entitled Influence of Physical Laws, Buckle analyzed the effects of climate, food, and soil upon social improvement and the relations of accumulated wealth thereto. But Buckle does not claim, as is so often stated, that all history must be explained by the external causes alone.<sup>8</sup> He, as well as Montesquieu, recognized clearly that the influence of the physical environment is a diminishing factor as the achievements of civilization are amassed to counteract the powerful check on progress which nature in the early stages of society offers. This contrast may be epigrammatically stated in the spirit of Montesquieu: In the infancy of nations environment makes the man and in their maturity man makes his environment.

The Marxian economic interpretation displaced this older materialistic interpretation of history.<sup>9</sup> Other writers contemporary with Marx, both socialists and non-socialists, have posited the economic interpretation of history. The nineteenth century school of historical jurisprudence, and the German historical school of

<sup>7</sup> Those who are interested in parallels that can be drawn between biic and social evolution should read Keller, *Societal Evolution* (Macmillan, 1915).

<sup>8</sup> See Robertson, *Buckle and His Critics*, 1895. If "the measure of civilization is the triumph of the mind over external agents, it becomes clear that of the two classes of laws which regulate the progress of mankind, the mental class is more important than the physical." Buckle, *History of Civilization*, vol. I, pp. 156-157.

<sup>9</sup> See especially certain passages quoted by Seligman from Marx in his *Essays, Political Science Quarterly*, vol. 16, pp. 612-640; vol. 17, pp. 71-98.



economics, have founded their exposition of history on like objective bases.<sup>10</sup> Certain minor objections have been repeatedly urged against the economic interpretation of history, such as that it is fatalistic or opposed to free will, or that it assumes the existence of historical laws which have not yet been proved to exist, or that it is socialistic, or that it is ambiguous or vague. These may all be reduced to the objection that the economic interpretation of history places an undue stress on environment and material factors. But the recognition in the social sciences of the influence of the material and social environment means merely that although man is morally and intellectually free, his freedom will be exercised in the main within the limitations fixed by circumstances, manners, and customs of the society about him. Great men, it is true, influence their times, sometimes even overriding tradition or established custom, but it is also true that great men are in turn influenced by their time. "A Jefferson would be as impossible in Turkey," says Seligman, "as a Pobyedomostaff in the United States; Pheidias is as unthinkable in China as Leonardo in Canada. On the other hand, the effects ascribed to great men are often largely the result of forces of which they are only the chance vehicles. Caesar erected the Roman Empire, but the empire would undoubtedly have come ultimately with or without Caesar."

The chief objection to the economic interpretation of history is that it neglects the ethical and spiritual forces of history; in short, that the economic factor is not the sole factor in social life and social progress. This objection as usually framed rests upon an old metaphysics which assumes that ethical and spiritual forces are wholly unrelated to the economic order, or that they stand distinctly in opposition to it. Modern social psychology is insisting upon a wholly different method of procedure for the explanation of social phenomena and social institutions. From this viewpoint the opposition disappears. If we look upon economic science as a social science, as undoubtedly we should, then the opposition between a social interpretation of history and an eco-

<sup>10</sup> Ferdinand Lassalle and Karl Marx were each acquainted with the masterful historical treatment of jurisprudence by Savigny and other writers. Marx's *Zur Kritik der Politischen Oekonomie* appeared in 1859, Lassalle's *Das System der Erworbenen Rechte* in 1861, and Sir Henry Maine's *Ancient Law* in the same year. Green's *Short History of the English People* appeared in 1867. Stubbs and Freeman were active then. Historical jurisprudence and historical economics alike have their beginning in early law and custom developed by forces acting unconsciously, i.e., without self-direction.

conomic interpretation largely disappears. Much of the so-called economic interpretation of history would be more correctly described as a biological interpretation of history. The economic interpretation of history simply points out that in an explanation of the course of social evolution, that is, in any interpretation of the development of human institutions, we must begin with those which come first in the order of time, namely, the economic in distinction from the political, religious, and ethical.

In an economic interpretation of history we may insist that the material preceded the ethical and spiritual in social development: the word *good* was originally used in a material sense, a good; the distinction between good and bad in the ethical and spiritual sense came later, much later. To esteem a man was originally to place a money value on him (*aestimare*, from *aes*, copper, money). Ethical and religious idealism can make itself felt only within the limitations of economic conditions. The factors of human life and in human progress would be numberless if reduced to detail, but, speaking broadly and in terms of the general classification of the sciences, we may say that they are physical, biological, psychical, and social. Further, each of these can be broken into subclasses at least as numerous as the subdivisions of the special sciences differentiated within the respective spheres of being. Each science in an ascending scale of complexity crosses and recrosses in subject-matter and in logical methods, with sections of the next lower in the scale of simplicity.<sup>11</sup>

It is for the purpose of achieving a comprehensive analysis of the factors in social life and social progress that the new science of sociology is called into being. The importance of the sociologists, considered as research students and as a school of thinkers, lies in their frank recognition that all things are tied together at common points, that the universe must be reckoned as a cosmos, and that its evolution can be traced in a serial order of the sciences.

The development of the science of sociology with its appropriate method cannot be ascribed exclusively to the evolution of the positive philosophy under the guiding genius of August Comte, as is so often done. The science of sociology developed with other currents of thought tending toward the same end. The naturalistic philosophy which took shape in the development of the natural sciences in the eighteenth and nineteenth centuries gave us Lamarck and Darwin. The revival of the historical inquiry on empirical and

<sup>11</sup> Cf. Giddings, *Principles of Sociology* (Macmillan, 1893), p. 94.

Aristotelian lines gave us Savigny and Maine in jurisprudence and the study of institutions; Roscher, Knies, and Hildebrand in the historical school of economics; Saint Simon, Rodbertus, Marx, and Lassalle in the socialist school of economics; and Ruskin in the art movement. The philosopher Hegel may from some points of view be regarded as the connecting link between the old metaphysics and the new sciences; his contemporary, Goethe, is an expression of it. Hegel's doctrine of development has as profound an influence on the German founders of historical criticism and scientific socialism as Malthus' theory of natural selection which has played such an immense rôle in speculative biology. The economic historian and the sociologist work in large measure on the same problem and by the same methods. In a very important sense economic history is a contributory science to sociology. The economic historian gathers material which the sociologist may employ as data for his own inductions. For the student of the social sciences, the study of economic or industrial history by the historical method and by principles of criticism, is one of the best possible preparations for the broad and sympathetic study of existing social conditions and problems.<sup>12</sup>

Throughout our study of economic history we take note also of those spiritual forces and governing ideas which determine the relations of individuals of community or group and bind them together by custom or law for the distribution of product and property (ownership). An examination of the transition from gentile economy to political economy affords an opportunity for noting the primary and fundamental distinction or differences between economics and politics, not with a view to showing the subordination or priority of the one to the other, but with a view to establishing the co-equality of their importance and their interdependence. If we wish to speak of the delimitation of economics from other sciences, notably from politics, we may speak of economics as the science of man's individual and collective or social action in the supply of his wants and the attainment of his ends, within the domain of freedom set apart by the state. This definition assumes a positive theory of freedom; namely, the theory that liberty as distinguished from license is, and must be, itself

<sup>12</sup> The foregoing paragraphs are in part quoted and in part rewritten from the writer's own discussion of the economic interpretation of history in the *Publications of the American Economic Association*, Third Series, vol. III, pp. 391-392.

state created.<sup>13</sup> Civic or political economy is clearly traceable through successive phases of evolution from the ancient city of the Greeks and Romans, through Roman republican economy, Roman imperial economy, and the medieval economies of Europe to the middle of the fourteenth century. It is by such a survey alone, that we can fully understand the foundations of modern industry and our modern economics, shot through as they are with survivals of economic institutions of preceding epochs.

If the present conditions of industry in civilized countries are the outgrowth of a long process of economic evolution, it should be possible to arrange the forward steps of industrial history into great epochs marking off from one another in a rough way the important stages in economic progress. The classification of the stages of economic history may be based on various principles. A suggestive combination of the various recognized principles of classification is made on the bases of four distinct principles: economic, or socio-economic organization; dominant form of industry; prevailing form of exchange; prevailing status of labor; then these can be combined under a fifth category, the corresponding culture stage. In this classification, preference can be given to the grouping of economic stages on the basis of economic organization combined with a consideration of the dominant forms of industry in the advancing stages of progress and the corresponding culture stage.

In order to form some idea of the vast periods of time covered by the economic stages of the successive culture epochs, conceptions of geological time must be applied for measurement. All attempts to reduce geological time to solar years or to any chronological table are at best but respectable guesses.<sup>14</sup> Especially long must have been the earlier stages of progress, when man's dependence on external nature was so nearly absolute, when those devices and inventions by which he overcomes hostile powers of nature or harnesses them to do his bidding, were still unknown.

Human progress, as was observed by Morgan, must have proceeded by a geometrical rather than by an arithmetical ratio. "Every item of absolute knowledge gained became a factor in further acquisitions, until the present complexity of knowledge was attained. Consequently, while progress was slowest in time in the

<sup>13</sup> For a discussion of the positive theory of freedom or liberty, see Thomas Hill Green, *Political Obligations*.

<sup>14</sup> Cf. Ward's restatement of Haeckel's tables, *Pure Sociology*, pp. 38-40.

first period and most rapid in the last, the relative amount may have been greatest in the first, when the achievements of either period are considered in their relations to the sum."<sup>15</sup> It may have required ages for some of the simpler steps in the invention of machinery to have been taken, but these once taken, similar inventions or new adaptations of the old ones could follow each other more easily. The real age of machine production, which is introducing the world economy with its distinct market, among other characteristics, was inaugurated scarcely a century ago. If we count the age of machine production as having begun with the inventions in cotton spinning and the application of the steam engine as motive power, it is now nearly a century and a half. But if we do not consider the real age of machine production as having been begun before the telegraph and telephone, it has not yet been in existence a full century.

But we must guard against the impression that economic history undertakes to give an account of the origin and progress of inventions; it can do this only incidentally, and in part by analysis and inference. Its main purpose must be to trace the development of economic organization, effort and achievement in general. The study of machinery as such belongs to the technologist rather than to the economist.

The real content of economic history is much more varied than this, and must be studied in the spirit of a genetic science. In recent years the several schools of economic science have tended to coöperate and merge into one broadly conceived science. Sociology is coming, or has already come, into recognition. Economists must work in collaboration with politicians, sociologists, and psychologists, to solve social problems; all must unite with lawyers and legislators to promote the general welfare. The distinction between public wealth and individual wealth or riches is at least as old as Lord Lauderdale; many of us would say as old or older than the cameralists. Should we not say the distinction is as old as the distinction between public policy and private gain? The problems of production meanwhile will continue to be met in proportion as we harness the technical sciences in the service of man in society. In the spirit of Alfred Marshall, economic progress must be coextensive with human progress.

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<sup>15</sup> Morgan, *Ancient Society*, p. 38 (N. Y. 1878).

## SUBSTANCE AND SHADOW IN WAR FINANCE

To begin with it seems necessary to remind ourselves that there are many different kinds of values in the realm of men's esteem. Also, that the common economic values are of a lower order than the true war values. The spiritual uplift, the glory of heroism and sacrifice, the transcendent hope of a share in the making of a better world, the rousing of men to look to things above and outside themselves, all these and others constitute a set of values beside which the economic values seem mean and sordid.

Trivial as finance may seem in comparison with these nobler values, it is nevertheless an important force in driving the mechanism by which war is conducted. We have made it essential by the way in which we are doing things for the support of war.

It is conceivable that we could do without finance or reduce it to an unimportant minimum. Thus, as some thoughtful men have urged, we might recruit a war industrial army by voluntary enlistment or by conscription, much as we recruit men for the colors. We might also commandeer capital, as well as conscript men. In that event, having, at least so far as war industries are concerned, largely suspended the rights of private property and of freedom of contract, there would be, in a large part of the industrial world, little trading or exchange and little need of money, or of banks and bankers. War finance would be relatively insignificant. This would, of course, result in a sort of socialism for war. To that or something approximating it we may have to come if so large a war is to continue for very long. Yet the professional socialist is much out of favor in war times.

Why we are content, in the beginning, with socializing for war only within the narrow limits of the military forces is probably not hard to explain. We know that the present economic system works and we think we know how it works. We have faith that we can get immediate results by using the driving power of love of gain, or at least by giving a money reward to those who make war products. Any radically different scheme of industrial organization for war, substituting, as it would, new and untried motives of human action for the old and tested springs of action, would be experimental. The building of an entirely new industrial system would require time, time which we can ill spare in the rush of war preparation. Then, too, the consequences of the possible failure,



during war, of such an experiment are too awful to contemplate. Moreover, there seems to be an ineradicable assumption, born no doubt of confidence in victory, that peace may break out again. We must always hope that a victorious peace will come soon. When peace does come we assume we shall want the old order of economic individualism.

So long and so far as the economic machinery is constructed of private property and freedom of contract, so long it must be run by money and so long finance will endure. To be sure, finance seems a poor gas to run the economic engine with under the load of war. But the engine is not built to run on the richer gas of patriotism alone. We may, and do liberally enrich the gas of finance with patriotism, but dollars are still in the mixture.

#### *Real Costs versus Money Costs*

Finance is but the shadow cast by man's toil, and "like the shadow proves the substance true." Work done to a purpose, true labor spent in the past, being spent in the present, or pledged for the future is the substance which casts the shadow called finance. Men play a large part of the game of economic life with this shadow. We give to finance, by law and by custom, a distinct and very positive relation to the substance, to toil and to capital. For under the law he who sits by right in the shade of a tree owns or enjoys the fruit of the tree.

We may not press an analogy too far. This one will have largely served its purpose if it directs attention from the mere representation of things by money—the shadow—back to the things done, made, or sacrificed—the substance—which money merely measures and records; from finance to real costs, from dollars to dollars' worth, from money to man power, tools, machinery, in short, to the things which the economist calls "wealth" and the business man "goods and services." Just as the true war values are outside the economic realm, so there are true war costs which are, also, not economic. Physical suffering and death are among them. But there are economic costs as well. Human motives, values, and costs are like man himself compounded of many elements, physical, economic, and spiritual. The economic elements are our immediate concern, a humble but perhaps not unimportant theme.

By looking from the shadow to the substance we avoid some of the grave fallacies by which thought on war finance has sometimes been beclouded. One of these is the fallacy of those men

who told us that in these days great wars would be so costly that it would be impossible to finance them, or that once begun would soon be ended by financial exhaustion. Possibly some of these thinkers may have meant that men and resources would soon be used up. If so, they were poor prophets. But they were understood to mean that the finances *per se* would come to an end. If a tree withers the shade that it cast is gone. But you cannot use up the shade of a living tree by sitting in that shade. As long as there are men who work and things for them to own and work with, and as long as the present economic system endures, there can be finance. If the fallacy of financial exhaustion as a limit to war is not thus sufficiently obvious *a priori*, it must be held proven *a posteriori*. For this the fourth year of the war sees ever greater financial outpourings each month. These increased financial offerings do not fall like manna from the skies, they are in the main the measure of toil diverted, or transfigured for war purposes.

Those who talked of financial exhaustion thought, I imagine, only of the value of the accumulated results of past labor, perhaps of what we call our "accumulated" capital. Even so they must have grossly misunderstood the nature of capital. For capital is not merely a pile of junk. It is the vital command of *future wealth*. As in Scrooge's dream of the ghost of Christmas past, the ghost of Christmas present, the ghost of Christmas yet to come, the "yet to come" is the most precious. The future is always ours. Generation succeeds generation, not in separated squads with vacant spaces between, but in one unbroken procession. Each generation lives a part of its life contemporaneously with the preceding, the son beside the father and sometimes the grandson beside the grandfather. Each imbibes its ideals from the former, each assumes the responsibilities and burdens which go with its heritage of wealth, of knowledge, and of spiritual life. Herein lies the clue to the riddle of the magic of credit, the power we have of binding the future to make payment, the power to create an unbroken stream of finances flowing from the high mountains of the future to water the plains of the present. Thus we can and do pledge our unborn descendant to toil and labor that we may pass to them undefiled our heritage of free institutions.

What, more concretely, are the real economic costs of war? They are clearly not the money collected by government in taxes or in loans, nor the money fabricated by government, nor the

money credits created by the banks for the government, all of which the government may spend. The statement, for example, that twelve months of war cost ten billions of dollars, though commonly accepted as complete, is in itself as incomplete as it would be to say it cost ten billions of tons. "Tons of what?" would be the immediate question. The real things spent in war through government and obtained in part by the control of money are, of course, the services of soldiers, sailors, transportmen, nurses, and too many others to enumerate, also the food and clothing, guns, munitions, ships, motors, aeroplanes, medicines, and a multitude of other things which come readily to mind. These are obtained either by that toil and effort which in times of peace would be expended in creating other things which we have to do without in order that the things absorbed by war may be forthcoming; or they may be obtained by extra effort, by the sacrifice of leisure. Of course not all the sacrifices we have to make are economic. There may be, also, a suspension of intellectual effort and even of the search for the things of spiritual life. Professor Pigou has called the things we have to do without the "real costs of war." They certainly offer the only practical means of measuring the costs, for the things once economic which are actually absorbed by war pass immediately out of the realm of economics, out of the shops of bargain and sale, and are no longer measurable by any economic standard. The patriot soldier's efforts and sacrifices produce no goods for sale in the marts, the munitions he expends are not the raw materials for goods to be put in trade. The soldier is provided his subsistence and his arms and an amount of money for other needs. But the money is not a wage, nor is his subsistence "in lieu of wages." We cannot conceive that any money wage would be a fair compensation for his services. His employer, the country, does not market the product of his toil or sacrifices. If we wish to measure the economic costs of war we can do so only, as Professor Pigou has suggested, by the parallel of what we must do without.

#### *A Measure of Real Costs*

This leads at once to one of the most perplexing questions of war economics: "What must be given up in order to bend our energies most effectively to war?"

To invent a simple illustration is difficult, for the problem is not simple but complex. But let us suppose that a tribe of prim-

itive folk of say 1,000 workers living by some simple arts is suddenly converted to a religion which requires, say, 200 of its best herdsmen and plowmen to become priests, and for an indeterminate period of three, five, or more years, to engage only in prayer and in the making of burnt offerings. Since the priests are no longer toilers in the economic field they must for a time be supported by the others, and in addition the beasts for the burnt offerings must be forthcoming. The remaining 800 workers must work harder or deny themselves a fifth and more of the accustomed results of their labor. If food and burnt offering were easy to obtain, so that the full productive power of the 1,000 had not been required before, or was not strained, the 800 might not find it very hard to carry the burden. If, on the contrary, the things they needed were scarce the 800 might find it a great burden. If they had a money system they could collect taxes or freewill offerings and buy the things they needed for the new worship. If there were marked differences in possessions among them, they might by a credit system postpone the final settlement of the costs until after the praying era. The illustration is imperfect by reason of excess of simplicity. But it seems to suggest several things. One is that the problem is primarily one of bringing about a new division of labor within the community, a different and increased production. Another is that there may be a limit to the number that can pray. Whether it be 200, 100, or 500 depends on the resources of the remainder. A third is that there must come about, at least temporarily, a great increase in public and a great decrease in private possessions, or the usufruct thereof, but that such a transfer from the many to the group need not be permanent, unless the new order is to be permanent.

It appears then that the gaps in our industrial ranks left by those with the colors and by those diverted to produce burnt offerings have to be filled. From what sources? The sources that can be drawn upon by the use of finance, that is by an appeal primarily to economic motives are three: (1) a draft on leisure, (2) economizing or changing the use of what we have or shall have, (3) new inventions.

We may dispose of the third, new inventions, first. Although necessity is the mother of invention, new discoveries apparently cannot be made to order. Yet the periods of great wars have been periods of great inventions. This was notably the case in the era of the American and French revolutions and the Napoleonic wars.

It is not necessary to inquire into the casual relations. Possibly with men's minds more than usually alert and with a proneness to disregard trouble and expense, invention and a wider use of known labor-saving devices are both stimulated. As the business man says: "Labor is so dear I must use more machinery." Invention is not a foreseeable recourse, however, to be drawn upon at will.

The greatest and most dependable of all these resources is unquestionably leisure. There is in all highly organized societies at all times a vast amount of leisure, in the sense of time not devoted to economic activity, however well or ill this time may be otherwise expended. This leisure is not merely that of the idle rich and the sturdy beggar. There is considerable enforced idleness, or lack of employment, due to the maladjustment of the supply and demand for labor, to the poor equipment of the laborers, and the immobility of labor. There is also a large amount of leisure consciously conserved by or for men whom we ordinarily consider employed. This is not merely the leisure of the "ca-canny" system, or of him who is contented with less than he might earn by working longer or harder, but that enforced by law or by public opinion, of which the eight-hour law is a sample. The argument for the eight-hour day has two parts. In one part it is urged that in the long run greater efficiency is attained by a limitation of the hours of toil. In the other it is claimed that man is not merely an economic tool, but a human being with other wants than food, clothing, and shelter. Among the other wants, what is higher than the liberties now in jeopardy? Every scheme for an eight-hour day contemplates overtime in emergencies. While overtime cannot be stretched indefinitely without loss in efficiency and productivity, it can be drawn upon in this greatest of all emergencies. An hour a day added to an eight-hour day is an addition of twelve and one half per cent. In some cases a change of occupation, eight hours at one task and two or more at some other, may actually add to efficiency in both. Closely connected with this is the concealed leisure or reserve labor power of the man who in times of peace is kept at a task below his capacity because the place ahead is well filled. There is also women's leisure, a vast resource.

Again war itself by throwing some out of their accustomed employments creates a fund of labor easily diverted to war industries. Thus the British economists reported in 1915 that they had found many persons thrown out of employment by the shortage of raw materials, by the closing of the enemy markets, and by the closing

of the sea to fisheries. Much of this war-freed labor has since been absorbed in war industries.

The mobilization of leisure is a task which can be facilitated by direct government action. We sorely need employment bureaus to direct the men, now in the nonessential industries, into the more essential. The dry goods clerk who is told to "farm or fight" needs help in finding a job on the farm. But the mobilization of leisure is also potently promoted by the agency of finance, by high wages in the war industries.

The second source, economizing, more particularly in the use of things none too abundant which are directly needed for war, has through the efforts of the food administration and other agencies become remarkably well understood. The most interesting feature of the policy of the United States government in this field is the relatively small dependence on the power of finance and the direct appeal to the patriotic motive. This is strictly in line with the spirit of democracy. That is, instead of forcing economy in the use, for example, of wheat by allowing the price to rise, as Mr. Hoover says it probably would have done, to a nearly prohibitive figure, the government has successfully stimulated voluntary self-denial. The effect has been fully as great and probably greater than would have been attained by reliance solely on economic motives. More than that it has had other results of far-reaching importance. The habit of patriotic action thus engendered has spread to many another field.

In his little book *War and Economics*, Professor Pigou has expounded the principles which must guide the individual in the choice of means for saving the funds which he wishes to contribute to the government's war resources by way of taxes and loans. His exposition is so masterful that it leaves little to be added. Some of his illustrations may well be frequently quoted. He first warns against such personal economies as result in a mere shifting of the burden to other and perhaps weaker shoulders, as, for example, by cutting off pensions and wages of old servants. He then states the main principle as follows:

When I diminish consumption or investment to the extent of £1,000 in order to pay that sum to the government, I release from employment in my interest the services of men and machines which have for me that value. If these men and machines are of such a sort that they have for the work required by the government no value, an extra burden equal to the whole £1,000 paid by me to the government is thrown on the general public.



He then sets forth the practical applications by illustrations, of which the following is a sample:

These may be conveniently considered in two divisions, according as they affect our purchases of direct personal services or our purchases of commodities. Let us consider them in turn. First it is quite plain that in present conditions the services of doctors, or men of mechanical knowledge, of chauffeurs, and young able-bodied men fitted for military service and not possessing any specialized skill are quite as valuable to the government as they are to private employers. On the other hand, the services of lawyers, of highly skilled gardeners, of poets, of men learned in the ancient languages, of musicians, of young men medically unfit . . . to combatant service, of midwives, of women with special skill as children's nurses, of ballet dancers, and of music hall artists are much less valuable to government than they are to private employers. Therefore, other things being equal, if we have to choose between dismissing our chauffeur and dismissing our elderly gardener, who knows all there is to know about orchids, we should dismiss the chauffeur. If a university has to choose between dismissing its professor of mechanical sciences and its professor of Chinese, it should dismiss its professor of mechanical sciences. [This was written before the Chinese reached the trenches.] If we are in doubt between the excitement of an operation on our appendix and the excitement of an expensive lawsuit, we should do without the operation. If our nursery maid is an indifferent nursery maid, but is likely to prove a genius in making munitions, we should dismiss her; whereas, if she is a genius in the care of infants, but material objects, when she touches them, are apt to "come in half in her hand," then we may justifiably retain her service. For dismissing her and paying our taxes with the savings so made, we should cause the aggregate real costs represented by our taxes to be much larger than they would if we had dismissed somebody who was capable of rendering to the government services approximating more closely to those that he or she was capable of rendering to us.

We may omit his discussion of commodity purchases which runs along similar lines.

War works a curious and at first confusing shift about in values. Relative scarcity or abundance for the purpose served is as always the determining factor. But demand as well as supply is so changed in direction and in intensity that all peacetime classifications and categories are upset. A peacetime "necessity," wheat, coal, or cotton becomes a luxury for the stay-at-homes; and a one time toy or luxury, an aeroplane, becomes a war necessity. Our impulse to save by foregoing luxuries might lead us to give up silk shirts and stockings. But if cotton for explosives becomes scarce it may become our duty to forego cotton and wear silk.

Obviously, although not often mentioned, the extent to which

we must economize as well as draw on leisure, or speed up, depends on how fast and how far we can develop the arms. We can never say "quits, the army is large enough" until the war is won. As we approach the goal the forces inherent in finance which supplement the voluntary action of patriotism will more and more curtail war luxury. Heavy taxes and large loans, high prices and the complete employment of time in unavoidable toil will stop war waste.

Finance deals with money or funds as the measure of property and toil, and with money as the means of transfer of property and of the results of toil from one ownership to another. War finance covers all the processes in which money is used to transfer from the many of us—individuals with private property or power to work—to the all of us—the state—the property and services needed for war. Through finance comes an appeal to the love of gain as the motive to direct men's actions into the desired channels. High wages tap the leisure, high prices call forth added products, cause economy and stimulate invention. Lest I be misunderstood, I hasten to repeat that patriotism too plays a large part; the two, finance and patriotism, go hand in hand. Patriotism may and often does find expression through finance. War finance is war socialization through the mechanism of *laissez faire*.

### *Inflation*

We cannot advance far in war finance before we are confronted with the specter of inflation. Inflation is an ugly thing, very ugly when unnecessary. It is, however, of service too. Some of it comes out of that other ugly thing, war, by a process not unlike that by which their own antitoxins are excited by some diseases. Like an antitoxin it is both a cure and a poison. The problem is to keep the amount down so that it will not be dangerous but beneficial to health.

The first step in the transformation of a peacetime economy into a wartime economy is the raising of prices for war supplies. As quick a way as any other (and speed is the first essential in war) of getting guns, gunpowder, motor trucks, aeroplanes, ships, or anything else needed is to offer high prices for them. At once, however, the shadows begin to lengthen, as do those cast by the sun when it descends toward the west. The lengthening shadows of European war finance covered our western world before it was itself drawn into the storm.

Inflation is theoretically avoidable, but the practical difficulty of avoiding it is very great. The credit of the government, especially when backed by patriotism, is so great that it constitutes one of the most powerful tools for war work. Not to use that credit would be like breaking ground with a spade instead of using a plow.

Inflation has been defined as "an increase of currency more rapid than the increase in the production of goods." The currency in question may be gold, or credit, private credit, bank credit, or government credit. It may be fiat money, which as every one realizes is the most dangerous form of inflation-causing currency. One may quibble over the exact scope of this definition and the limitations to be set to its terms. But no one will deny that an enormous and sudden increase in currency not accompanied by an approximately equal increase in goods for sale is inflation and the rise in prices following thereon proof of inflation.

At the beginning of the war the government comes into the markets as a new and very rich buyer. Everybody knows that the government can borrow if it does not tax, and failing to do either can start the printing presses and pay in legal tender paper. Every producer knows that the government must have and shall have what it needs and will pay for it. Its demand is effective demand backed by unquestionable purchasing power. That purchasing power whatever the form it takes, is a direct addition to the currency. It is the rapid spending that causes the inflation.

There is no need to trace the spread of inflation, nor how the whole business world is rocked by the waves of advancing prices and wages. But this inflation, while accomplishing a necessary war purpose, is hard on certain classes, on all those not drawn into the circle of advancing wages and profits. As Professor Kemmerer has said "the pressure that inflation exerts is often cruel and very inequitably distributed." It is a subtle and concealed form of taxation. But a form of taxation that does not add to, but subtracts from, the public funds.

The area of hardship, in which there is temporary or permanent suffering resulting from inflation is so large that there is inevitably a reaction. Out of the reaction comes the demand for government price fixing, the attacks on profiteering whether just or unjust, and the demand for the government control and operation of railroads and other essential industries.

*Loans versus Taxes*

From inflation it is an easy step to the question of government funds. How may the government best get the means of payment? It is sometimes implied that the method of payment is the sole cause of inflation. Be that as it may, the method has a bearing on the amount of inflation. Of all possible sources only two need be considered: they are loans and taxes. Around the choice of these two sources there has arisen a very pretty controversy.

There are extremists who argue for all taxes and no loans. There are other extremists, mostly in Germany, who argue for all loans and no taxes. But the real issue seems to be between those who urge all taxes and those who would tax heavily but borrow whatever may be needed above the taxes. To get to the root of the controversy we may try to clear the ground of points on which there may be at least partial agreement. It will possibly be agreed that it is the sudden increase in spending for non-economic purposes that creates the inflation. Hence both taxes and loans will create some inflation. Taxes create inflation not merely, as Professor Edgeworth has pointed out, because the taxpayer often has to borrow to meet the suddenly increased payments to the government, thus substituting private for public credit in the circulation. But, also, because without a distinct *quid pro quo* the government gathers large funds and immediately spends them. Taxes, however, curtail the taxpayers' spending power more than do loans and to that extent create less inflation.

"Inflation," says Mr. Pethwick Lawrence, "is inherent in the flotation of a loan for purposes other than the construction of material reproductive capital." To illustrate, a loan to build the Panama Canal will create no inflation, any more than would the discount of a draft against a sale of a trainload of potatoes. But a loan to buy gunpowder for war unavoidably creates inflation. This is not because it is a loan but, also, because of the purpose of the spending. Although the purposes of war loans are imperative they are not for economic productive purposes. Their effect in the economic field is much the same as any other non-productive borrowing. The effect on a man's fortunes of borrowing to enlarge a sound business undertaking is quite different from that of borrowing to pay the cost of a surgical operation, although the borrowing may be equally justifiable in each case.

The "all taxes" extremists argue that in any event it is im-

possible to draw the actual costs of war from the future. They say, for example: "We cannot [in 1918] shoot a shell to be made in 1930," a statement of fact which need not be disputed. But when they add "the future is not here to bear burdens" and then conclude "the surplus of current income must be the source [sole source] of funds for financing a present war" and hence would have us infer that borrowing is a mere hocus-pocus, which "postpones no burden to the future," they are dealing in pure sophistry. The trick in logic is turned by the concealed assumption that funds, which only stand for and represent realities, represent only present realities. Such a conclusion runs counter to the judgment of the business community which is thoroughly convinced that it is easier to pay heavy taxes for ten consecutive years than ten times those taxes in one year. The opponents of this radicalism have for the most part contented themselves with the answer of impracticability. They rest primarily on the effects of the sudden imposition of heavy taxes. Thus one of them has said: "A tax so excessive in amount (27 per cent of national income) precipitated without warning upon established industries would have encroached upon working profit, weakened the incentive to labor, broken the mainspring of activity and disorganized the mechanism of production." Another has said: "To take half our annual income by taxation might not quite starve us but it would put the brakes on the wheels of industry and dry up the sources of capital, just at the time when we need all the power the machinery of production can develop to carry the heavy load of war."

There is at bottom very little difference between the all taxation plan and the plan of industrial conscription with commandeering of capital, save that the latter is confessedly war socialism and the former disguised socialism. A 100 per cent tax on all land and capital or of 100 per cent per annum permanently on all income would at once transfer all property and income from the many of us to the all of us. Even as it is, the government is at all times, through its regular tax levies, a sleeping partner in all property and in all toil. If we intend to continue to use the powerful economic motives of human action we must leave the active partner enough to arouse those motives.

As has been suggested a part of the fallacy in the all taxes argument lies in the failure to recognize the distinction between the substance and the shadow. What the government takes in the first place is money, funds, purchasing power, and therewith causes

a new division of labor, different and increased production. There is the further fallacy of assuming that it is possible to draw a sharp line between the present and the future, in any economic process. We can stop the clock, but we cannot stop time. Any moment now in the future glides through the present into the past with tremendous certainty. Every economic process is a process involving time and of the three—past, present, and future—the future is the most important. The whole fabric of economic life is built on hope, confidence, and faith in the future. We plant in the spring time for an autumn harvest. We build railroads not to move our accumulated products of the past, but to gather the expected future crops and manufactures. Our capital with which we work and bring forth results is not merely a hoard of accumulated savings “against a rainy day”; it is the living power of future production. Its value is the present value of a stream of future income. Dry up the producing power of our lands and they are worthless. Make nonproductive lands fertile and they become of great value. Funds do penetrate the great storehouse of the future.

Finance, again, is the art of creating the means of payment, the funds by the means of which exchange is carried on. If a thirty-day bill of exchange against a sale made is present funds (and it is so regarded), where shall we stop? With ninety-day paper, three-year notes, or twenty-year bonds? As a means of payment a safe claim on next year's crop, less the discount, is just as effective as a claim on some of last year's crop still in the warehouse. In war finance we aim to place in the hands of the government funds with which it can induce men to produce war supplies, tomorrow and the day after, not yesterday nor the day before. Credit is the means by which the shadows of coming crops and the toil of future generations are cast before them into the present. Credit, of course, has no magic power to create something out of nothing, nor can it set the table today with viands to be grown next year, but it does enable us to overleap the barriers of time and claim the *values* of the future as our own now. These claims to future values are the funds which can be used to stimulate the reorganization, the new alignment of industry necessary.

National borrowing for war is equivalent to the making of a vow by all of us to dedicate some of our future toil to the payment of those who labor today for a sacred if non-economic end. Since, if we lived for ever, we would keep the bond, so we can count upon



those who come after us, bone of our bone and blood of our blood, through whom we live on, likewise to keep the faith.

How far can we draw upon the future, how long can we postpone payment? The answer to this question must be indefinite. It depends much upon the strength of our faith. Yet there is obviously some limit or horizon to our vision of the future. The people of Great Britain, it is said, are still paying interest on the equivalent of half the money borrowed during the war of our independence, plus all the money borrowed for war since then; and it is certain that they will honestly continue to do so for many years yet. We can draw on our actual or potential capital, which we must not forget is only the present value of a stream of future income, just so far as the future income exceeds our current future necessities. The sum total of our wealth is roughly estimated at \$220,000,000,000; our income, including wages, at \$40,000,000,000 per annum. The total of our wealth, or \$220,000,000,000, is the capitalized value of that part or share in the anticipated future income of \$40,000,000,000 a year which is separable from labor, that is, is attachable to property rather than to men. We can divert, if we must, a large part of that future income from private to public funds. In short, we can in a sense mortgage our land and our capital, and our labor as well. The government, the all of us, would be the mortgagee, the several private owners and workers the mortgagors. A free individual can mortgage only his property to another individual; to mortgage his toil would be to become a slave. But with our consent the government can impose a mortgage on both property and toil, through the power of taxation. If the government mortgages our property and earnings only to the extent of one half our present current incomes we have, at 5 per cent, a present borrowing power not far short of \$400,000,000,000. How much more we can increase this under the spur of necessity, by working harder, by invention, and by other means discussed above, only the future can tell. It is the immediate efficiency of the arms that we need be most concerned about. The finances *per se* will hold out for a long time.

All this does not mean that we would be wise to place all the burden of war on the future. As evidence of good faith, taxes imposed at once and to be paid for years to come are a very fine tonic for credit. They must not be so heavy at any one time as to compel scrimping and thus dry up the springs of future income, reversing the very processes we seek to stimulate. In any

event it is a good plan to pay our debts and to begin to do so early.

There can be no fixed ratio of taxes to loans, for the simple reason that we cannot forecast the costs of war and we must meet them whatever they are. The army cannot be called home for lack of funds. A fixed percentage of an unknown quantity is itself unknown. It is a truism in public finance that the ability to pay taxes grows as the taxpayers become accustomed to the burden. There was some truth in the contention of the Spaniards in the Philippines that heavy taxation was a blessing to the Indians because it made them work. "As thy day so shall thy strength be." The old story of the boy who had a bull calf which he lifted over the fence the day he was born, lifted back again the next day and so on every day, until years after when the calf was a full grown bull the boy could still lift him over the fence, is suggestive of the way in which the taxpayers' strength grows with use.

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## THE MARKET GAGE DOLLAR

### A UNIT OF CONSTANT PURCHASING POWER

The Market Gage plan for stabilizing the purchasing power of the dollar was originated in 1896. It was first published in brief form in a Minnesota country newspaper. In the years following it was brought to the attention of various economists and educators, including (in 1909) a university president, but it did not become widely known.<sup>1</sup> Its author still believes that if adopted it would prove to be the simple and final solution of a most difficult problem; that it would at once and without the slightest jar to business end all perceptible fluctuations of the commodity price level. Tendencies toward change being at once detected and offset, price level movements would be so slight as to be visible only through the microscope of a composite index number. A brief statement of the plan is here submitted.

As general purchasing power varies inversely with general market prices, the guide in steadying it must be a gage of the level of prices on the general market. And this general market must be the wholesale market in which buying as well as selling is a matter of business. Under a better system of distribution, retail prices would conform more closely to wholesale costs; but, even now, we may justly assume that wholesale price movements are fairly representative of retail changes and that market importance on the wholesale market spells also market importance in the retail trade.

Most of the price index numbers hitherto constructed have been mere arithmetic averages; several have made some attempt at weighting, but none has fully taken into account the distribution, by volume, of price changes.<sup>2</sup> Now, a measure of general

<sup>1</sup> This plan was brought to the attention of the department of economics of the University of North Dakota in February, 1916. A statement was submitted to the editor of the *Quarterly Journal* of the University of North Dakota in December of the following year and appeared in the January, 1918, number of that magazine, vol. VIII, no. 2.

<sup>2</sup> Both the Compensated Dollar and the Market Gage scheme are based upon the idea of controlling the price level by alterations in the gold content of the dollar but the two structures differ radically. Professor Fisher describes his plan as "in essence, a simple combination of seigniorage with index numbers." His seigniorage device is supplemented by a provision for partial weight adjustments to be made monthly. Professor Fisher views the choice of an index

purchasing power being a measure of the value of goods in actual trade transactions, in the quantities actually sold and bought, the schedule should list not equal amounts of each commodity but an amount of each proportioned to the quantity of each sold during the year; for the yearly total is but a multiple of the sales during an average day, and from the yearly total of each the average quantity of each sold during any shorter period, or simultaneously on sale, may be reckoned. The Market Gage schedule, therefore, lists not certain commodities but all the goods on the wholesale market, with each shown as a decimal part of the whole, thus giving to each its proper weighting. The money unit is steadied by holding it at the par stage 1—increasing its gold content when the market level shows a tendency to rise and lowering it when the Market Gage signals a decline.

Before constructing a schedule it is necessary to ascertain the total annual trade of the country and the trade in each of the items making up that total. It is next necessary to decide what market or markets shall furnish prices for each item or group. Commodities may be quoted either at their primary market or at their principal point of distribution. That only a portion of the whole quantity of a commodity is distributed from one point (and that wholesale prices only are considered) is not material so long as the changes in the price-current are closely representative of the average price changes throughout the country. Where necessary, prices can be averaged between two or more markets.

To construct the schedule (as on p. 582), list first the major items, the trade in which amounts to not less than .005 of the whole, stating the trade in each commodity in millions of dollars (column A). Show in decimals (column B) the relation the trade in that commodity bears to the whole volume of trade. Indicate after each major item the kind or grade which it is purposed to use as a price criterion and the market selected to furnish its prices. Next gather into related groups all other commodities and list these groups below the items already set down, showing (as in the case of the major items) the amount of trade in each, its relation to the total trade, and its price grade and market.

number as little more than "a technical dispute between experts" and attaches little importance to weighting. The M. G. plan provides an index number based upon the total wholesale trade, with proper weighting and frequent revisions of the schedules, and maintains price level stability by daily weight adjustments of the bullion dollar.

After each price grade give (column C) in decimals of a hundred-weight the price equivalent of the dollar, *i. e.*, the quantity of each that sells for a dollar on the day for which the schedule is constructed; in column D, the day's market price (per hundred-weight unless otherwise stated) of the price grade of each commodity or group; in column E, the present value in dollars and decimals of the quantity named in column C. This number in column E (which is the product of the figures in column C multiplied by those in column D) is the index number for the day of the commodity to which it refers. The Market Gage components (column X) are the products of the figures in column E multiplied by the decimals in column B. Their sum gives the Market Gage for the day. As the quantity given in column C is just one dollar's worth of each item, the present value in dollars in column E will, at the beginning of each day, be 1 in each entry; and the composite index number or Market Gage calculated therefrom will necessarily be 1. But market changes reflected in column D will affect present values in column E (see revision columns) and produce a corresponding change in column X, the footing of which is the Market Gage. As no item or group will be less than .005 of the whole and many of the major items will be considerably more, the schedule should contain less than 100 entries. Should a longer list seem desirable, items and groups down to .001 may be separately listed. The smaller and more homogeneous the group, the more accurately will its price changes be indicated by those of its price criterion.

It is a part of the Market Gage plan that all gold coins be retired: that all currency (paper and token coins) be redeemable in bar gold at published quotations of the Treasury Department, the redemption rate for each coming day being found by multiplying the then current rate, stated in "grams-d'or," by the Market Gage figures, which are reciprocal of the current dollar value. The Market Gage at the beginning registering 1, the redemption quotation would be 1.6718 "grams-d'or" (25.8 grains gold). Should market prices in dollars of this weight rise during the day to 1.0005 (see revision columns), showing a decrease of about .0005 in purchasing power of the unit, the redemption rate for the following day would be raised to 1.6726 g-o. This would bring the price level back to the par mark. Should the market, now quoted in dollars equal to 1.6726 g-o., fall off 1/50th of 1 per cent, the Market Gage would read .9998 and the Treasury

MARKET GAGE SCHEDULE, FIRST DAY<sup>1</sup>  
Unit = 1.6718 Grams-d'or (25.8 grains gold)

A	B		C	D	E	X	D revised <sup>2</sup>	E revised <sup>2</sup>	X revised <sup>2</sup>
In millions of dollars	Market importance	Commodity or group	Price, grade and market	Dollar equivalent	Market price	Commodity index	Market gage components	Commodity index	Market gage components
2,000	.050	Sugar	Granul/Chi	.1799	5.56	1.	.050	.9894	.04947
1,740	.0435	Corn	Contr/Chi	.7692	1.30	1.	.0435	.9923	.04365
600	.015	Spr. Wht.	1, Nor/Mpls	.5882	1.70	1.	.015	1.0000	.01500
760	.019	Cotton	Middlg/N.O.	.0821	11.75	1.	.019	1.0127	.01924
600	.015	Iron-slt.	Pg. ir/Pitts.	.1418	7.05	1.	.015	1.0068	.01512
34,300	.8575						.8575		.85802
40,000	1.00	(All other goods to be listed herein and extended as above)					1.00 (M.G. at opening)		1.0005 (M.G. at close)

MARKET GAGE SCHEDULE, SECOND DAY  
Unit = 1.6726 Grams-d'or<sup>2</sup>

A	B		C	D	E	X	D revised <sup>2</sup>	E revised <sup>2</sup>	X revised <sup>2</sup>
In millions of dollars	Market importance	Commodity or group	Price, grade and market	Dollar equivalent	Market price	Commodity index	Market gage components	Commodity index	Market gage components
2,000	.050	Sugar	Granul/Chi	.1816	5.50	1.	.050	1.017	.05085
1,740	.0435	Corn	Contr/Chi	.7752	1.29	1.	.0435	.967	.04231
600	.015	Spr. Wht.	1, Nor/Mpls	.5882	1.70	1.	.015	1.03876	.01388
760	.019	Cotton	Middlg/N.O.	.0840	11.90	1.	.019	.924	.01756
600	.015	Iron-slt.	Pg. ir/Pitts.	.1408	7.10	1.	.015	.9836	.01478
34,300	.8575						.8575		.85842
40,000	1.00	(All other goods to be listed herein and extended as above)					1.00 (M.G. at opening)		.9998 (M.G. at close)

<sup>1</sup> To save space only a few price series are here listed, the greater number of items and groups being lumped together in one entry to make up the balance of the 40 billions (assumed) annual trade. As one set of weights and prices will serve as well as another to illustrate method of construction, no attempt is made to use actual statistics. The current value-equivalent of the dollar (column C) is shown in decimals of a hundredweight of each commodity. Prices in column D are per hundredweight unless otherwise stated.

<sup>2</sup> Revision columns show changes in D reflected in E and X. The new Market Gage for the close of the day reads 1.0005, showing a rise of .0005, bringing the market level back to the 1 stage. In dollars equal to 1.6726 grams of gold the prices for the second day are measured. The weights in column C are now adjusted to the altered prices.



Department would lower the quotation to 1.6723 to bring the level back to 1. Each day, after the new redemption rate had been found, the dollar equivalents (column C) would be adjusted to current price quotations. Once a year, or as often as the necessary trade data could be obtained, the entire schedule would be revised.

I have assumed that each rate adjustment would at once restore to the dollar its normal purchasing power. In practice, it is not likely that the prices of all things would be sufficiently fluid to readjust themselves immediately to the new value, for custom and infrequently published price lists would retard the repricing of some minor items. But this slight lag of prices could not appreciably affect the market level in one day, and it could not escape correction, for the Market Gage of the following day would take it up.

The Market Gage dollar would be a national dollar. A world standard of deferred payments, other than some compromise between national standards, is hardly attainable; for a measure of purchasing power for all countries must be a less accurate one than a measure established for one country. Exchange values of the various goods, owing to transportation costs and varying demands, cannot bear exactly the same relation to each other in widely separate markets. Neighboring countries with common free markets may have a common standard, but between countries not so situated there will perhaps always be foreign exchange, though with the cheapening and speeding up of transportation and the perfecting of means of communication with distant markets the supply-demand levels of goods on the various markets will vary less and this will tend to stabilize foreign exchange.

In the absence of an ideal world standard a stated weight of gold may still be used as an international money unit. The writer suggests, as a unit most acceptable internationally and as being in harmony with the Market Gage plan, the "gram-d'or," one grain of gold bullion, nine-tenths fine, divisible into 100 "cents-d'or" and 1,000 "mils-d'or." At our present mint rate the gram-d'or would be worth a trifle more than 57 cents, somewhat more than the Mexican dollar, the yen, the ruble, the milreis, and so forth. With this plan in effect, the exchange rates between the gram-d'or and the dollar would be shown each day by the redemption quotation. The gram-d'or would be the international trade money, at least until all traders had assimilated the knowledge

that they were not being wronged by adjustments of the money unit, adjustments having for their object and net result the stabilization of the unit's purchasing power. Foreign bills of exchange and other international paper would be drawn in grams-d'or, with allowance, if necessary, for cost of gold transportation and credit conditions. Long-time bills, however, like other deferred payments, should be subject to adjustment by the standard of one country or the other, in order to offset changes in the purchasing power of a gram of gold.

The gram-d'or would bridge the gap between the moneys of the different nations. Values of the various units would be expressed in grams-d'or and decimals thereof: United States, 1.6718; Great Britain, 8.2082; France, .3626; and so forth. To translate United States money into French money, one would divide the quotation 1.6718 by the quotation .3626,—the quotient, 4.61, being the amount in francs and centimes. And to change United States money into British money, one would divide 1.6718 by 8.2082,—the result, .2367, being the British equivalent in decimals of a pound sterling. Of course unless British money were modernized by decimal division of its unit, there would still remain some old-time exercises in compound numbers, reducing the decimals of a pound sterling to shillings and pence; but between countries having decimal (or centesimal) money systems the translation would be simple.

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## COMMUNICATION

### WHY NOT VALURE?

In the *AMERICAN ECONOMIC REVIEW* for June, 1918, Professor Irving Fisher discusses the question, "Is Utility the Most Suitable Term for the Concept it is Used to Denote?" As a substitute for the ambiguous term "utility" Professor Fisher favors the word "wantability" and suggests a new unit to be called "wantab."

The word "wantability" is no doubt preferable to the form "wantedness" if the aim be to indicate "the capacity for being wanted" rather than "the essential fact that an object is actually wanted." But how are we to achieve the "statistical measurement" of "marginal wantability" except through data registering marginal wantedness, the actual value-making quality?

Somewhat more than a year ago, in conversation with Professor Fisher, I ventured to suggest a new name for the exchange value concept. I had used the word in one of my pamphlets privately printed. The original suggestion read as follows:

Discussions of this subject could be made clearer by the use of a new name for this concept. The word "value," because of its common use in a different sense and its occasional use with modifiers by writers on economics, is more or less confusing to the average reader. It is as though we had no word for the color, "black," and that the word "dark" meant either black, partially black, gloomy, or obscure. Expert word jugglers may contrive to convey various meanings with the same word but the average busy man tires of their difficult patter. He wants to catch their meaning without mental gymnastics. Various more or less possible words have occurred to the writer but his choice until he hears a better suggestion would be the now obsolete word "valure." The meaning of this term would be somewhat altered and its use sharply limited to this thought of general exchange value, while the word value would convey only its more common significance. Having once made the acquaintance of the new term, the reader would no more confuse valure with value than dark with black.

Valure, like wantability or wantedness, would have "the great advantage of breaking away from the misleading associations which cling to terms already in use." Some derivative of the new word would serve to express without ambiguity the idea back of the term "economic good," a want-satisfier having valure. Possibly "valuron" would answer, or the abbreviated form "val." Surely either would be preferable to the makeshift terms now in use. "Valuration" would be the ascertain-

ment or determination of valure; but as valure can be definitely determined only by price comparison it would not seem necessary to go further and coin a name for a measured quantity of valure. Gaging valure in the abstract would be measuring with words the unmeasurable—a philosophic pastime.

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## REVIEWS AND NEW BOOKS

### General Works, Theory and Its History

*Theories of Social Progress. A Critical Study of the Attempts to Formulate the Conditions of Human Advance.* By ARTHUR JAMES TODD. (New York: The Macmillan Company. 1918. Pp. xii, 579. \$2.25.)

This work, we are told, is the outcome of an attempt to teach a course for which no text was available. The first of its four parts aims to lay the foundation of a theory of social progress by demonstrating the "plastic and potentially progressive" character of human nature. Not the whole of human nature is considered, but only the concept or sense of self. This is shown to grow with the development of the individual and the race, and to be a social product.

Part II treats of the concept and criteria of progress. Progress is not merely change or movement. It implies a goal, "a standard of value and achievement." Professor Todd somewhere observes that "perhaps" the concept belongs to philosophy rather than to the social sciences. In spite of this admission, he accepts the problem of progress as a task for the sociologist and professes "to demonstrate as objectively as possible" the validity of his standard. In the preface also he defines his method as that of "appeal to objective fact." After discussing various criteria of human advance, he concludes that the "basic test" is an "interest in human well being," which "looks forward" to the realization of an "ethical order." What this ethical order is, we are not told. The "latitude and longitude of society's destination" remain indeterminate. But without a definite ideal, a theory of social progress is worthless. Is "sociology," therefore, to penetrate to the realms of philosophic speculation to fix its "standard of value" and concept of a desirable "ethical order"? If so, why not call it social philosophy henceforth and have done with its misbegotten name? But are our sociological colleagues qualified to deal with questions of philosophy? Would they not do well to confine themselves to description and analysis, and to the theory of social change rather than of social progress?

Part III, the larger part of the work, discusses the "prophets of progress." Their theories are classified as (a) materialistic, (b) biological, (c) institutional, (d) ideological. The "economic

interpretation of history," in the first group, is preceded by chapters on the geographic determinists, the "technicians or inventionists," money, capital, the division of labor. Under the heading "institutional" are chapters on property, the family, government, law, public opinion, great men and the élite, language, and religion. Under "ideological" come the idealists, the intellectualists, the artists. There is lacking a thorough consideration of the phenomena of class control and class struggle. In the discussion of each theory or cluster of ideas, no effort is made to indicate the distinctive contribution or formulation of particular writers. The work differs in this respect from the histories of sociology by Barth, Squillace, and Bristol. For a critical study Professor Todd's is the better method, but in almost every case he has produced such a jumble of facts and ideas that he falls below these authors in clearness of exposition and criticism. He has, however, given forcible expression to many excellent ideas and his book contains evidence of wide reading and some thinking.

In part IV, entitled Implications and Conclusions, the author soars. "Up to this point, the various theories of human progress have on the whole regarded man either as the pawn of exterior powers and forces . . . or as only indirectly conspiring at progress. . . . Now we must look at man as a conscious agent aiming directly at his own improvement and advance." How is such purposeful progress to be brought about? "The great difficulty is that society is not yet clearly self-conscious, self-knowing." But sociology and psychology are coming to the rescue. Professor Todd does not ask what would happen to a perfected social science, if it became common property, that is, if society should come to be really self-conscious and self-knowing. The social sciences treat of the unintended, unforeseen results of a myriad of human activities. Men might not behave as they do, if they were all expert sociologists and knew the collective outcome of their acts. Perhaps a perfected and generally promulgated science of society would, like perfect price-speculation, destroy its own *raison d'être*. He also fails to raise the more serious question as to whether such perfected knowledge would ever be allowed to become common property. His faith is in "social education." It will raise humanity from "ages of blind drift to a plane of mastery." It will convert the most "cross-grained human natures" into "coöperators, good citizens, and members of a great united brotherhood." If, however, we should ask who is to educate the edu-



cators, Professor Todd would probably answer, "The sociologist." At least we are told that "with applied sociology and an education leavened by it rests the problem of harmonizing more closely through enlightened will the facts of social achievement and progressive social welfare."

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#### NEW BOOKS

JOHNSON, J. F. and McVEY, F. L. *Economics of business. I. Production, consumption and value. II. Exchange and distribution.* (New York: Alexander Hamilton Inst. 1918. Pp. xv, 326.)

McPHERSON, L. G. *How the world makes its living.* (New York: Century Co. 1916. Pp. vii, 435. \$2.)

This book is not so much a discussion of the concrete problem of "how the world makes its living" as an exposé of the author's views concerning certain phases of economic theory. As Mr. McPherson states in the preface, what he attempted to do was to outline briefly the evolution of the institution of property as well as to trace the significance of the related phenomena of money, capital, rent, interest, wages, prices, and profit. The volume contains also chapters on the "living" of plants and animals, on the supremacy of man, on speculation, on crises and panics, on the organization of business, and on the relation of the government to industry and commerce. It concludes with an endeavor "to forecast the goal that may be attained through promoting step by step, in the light of a clear understanding, the progress that has been the outgrowth of the ages." The author deprecates the present-day conflict between capitalists and laborers, holding both parties responsible for the struggle, and he points out the need for a greater unity of purpose and a greater degree of coöperation in our economic activities.

The work is characterized by simplicity and clearness of expression. Mr. McPherson gives a comprehensive account of the development of our roundabout methods of production and distribution, devoting a great deal of space to the presentation of facts of how modern civilized existence is dependent upon the exchange of commodities and services, upon the flow of utilities and value. As to his inquiry into the nature of property, value, price, and interest, and as to his elucidation of what determines the shares of the national dividend that go to each of the factors of production, one is almost tempted to envy the ease with which he approaches and disposes of some of the most perplexing and subtle problems that have baffled many an economist. The rates of wages and of interest, the amount of rent and of profit, the price of goods—all, according to Mr. McPherson, are determined by the relation between supply and demand (pp. 139, 150, 170, 199, etc.). This law of supply and

demand appears and reappears, explaining all industrial phenomena and settling all difficulties.

Mr. McPherson's venture into the field of abstract economics is rather disappointing. He merely scratches the soil. The most satisfactory parts of the work are those in which the author, casting aside the garb of an economic philosopher, considers the practical aspects of modern business. There one finds well presented many interesting and valuable data.

SIMON LITMAN.

TUFTS, J. H. *The real business of living.* (New York: Holt. 1918. Pp. vii, 476.)

PEDDIE, J. T. *A national system of economics with a consideration of the Paris economic resolutions and of their influence on nationality.* (New York: Dutton. 1918. Pp. 299. \$2.50.)

*Social control. Papers and proceedings of the twelfth annual meeting of the American Sociological Society, held at Philadelphia, Pa., December 27-29, 1917.* (Chicago: Univ. Chicago Press. 1918. Pp. vi, 269.)

### Economic History and Geography

*The Political History of the Public Lands from 1840 to 1862. From Pre-Emption to Homestead.* By GEORGE M. STEPHENSON. (Boston: Richard G. Badger. 1917. Pp. 296. \$2.50.)

This is one of the admirable studies in the history of the public lands for which Turner and Farrand are primarily responsible. Earliest in point of time comes Ford's *Colonial Precedents of our National Land System as it Existed in 1800*. Next is Treat's *National Land System, 1785-1820*. Wellington's *Political and Sectional Influence of the Public Lands, 1828-1840* and this monograph carry the narrative down through the passage of the homestead act, while from the notes we learn that there is in manuscript White's *Administration of the General Land Office, 1812-1911*. With one or two more links forged the preparation will be complete for a fresh study of the system as a whole, which is much needed. It is not to our credit that Sato's paper, written a generation ago, remains our most satisfactory comprehensive guide.

Turner's conviction that there is no more important influence upon American development than the public lands is so well sustained by the facts that it is embarrassing to have to determine whether a monograph upon a single episode ought to deal more with economics, sociology, or politics. Professor Stephenson votes in favor of the last for himself, with the result that in more than half of his book he is telling the discouraging story of something that never happened. Like the future historian of free silver, he

is reproducing passionate politics that wrecked politicians rather than made them. Distribution, which was a vital issue for twenty years after the election of Van Buren, never produced measurable results, and was at best only a device to win votes. Whigs, who supported it in the hope that it might empty the treasury and advance their chances to get a high protective tariff, used it to dazzle frontier eyes, not to solve the social economic problem of the frontier region. The South, that fought it, disliked it less than the great political reactions it might produce; and Calhoun, its great enemy, was ready to go beyond distribution and give the lands themselves to the states in which they lay. Even the West, that shouted for distribution, knew that distribution would not meet its problems and continued at the same time to push for homesteads.

Professor Stephenson has worked out, with endless pains and great accuracy, the shifting currents of political feeling that flowed around the issue of distribution. Much of the result is negative because there is no other possible result for a political study of the lands in these years. He makes it entirely clear why Henry Clay had no right to be president.

The value of the book, and the learning and insight of the writer, increase the regret that the scheme omitted the economic and social phases of the lands. These were the years of manifest destiny. From the Detroit River to the Nueces the zone of the frontier swept in a great increasing crescent. The experiences of its rural conquerors made the first fundamental impression upon the Middle West we know today. The story of this social conquest has positive conclusions but is still untold; and we can only hope that when its teller comes he may do his work as adequately as has Professor Stephenson.

FREDERIC L. PAXSON.

*University of Wisconsin.*

*The Colonial Merchants and the American Revolution, 1763-1776.*

By ARTHUR MEIER SCHLESINGER. Columbia University Studies in History, Economics and Public Law, Vol. LXXVIII; Whole No. 182. (New York: Longmans Green and Company. 1918. Pp. 647. \$4.00.)

That economic causes played a large part in bringing about the American Revolution has been understood from the time John Adams wrote that molasses was an essential ingredient in Amer-

ican independence, and they have been given due weight by modern historians who agree that "below the question of constitutional right lay the economic grievance as a stern reality." Dr. Schlesinger's book appraises with scientific exactness the share contributed toward revolt by one economic factor—namely, colonial trade interests. The gist of his study is that the colonial merchants of the commercial provinces initiated the struggle with the mother country by trying to boycott Great Britain into a surrender of her trade restrictions which were threatening them with bankruptcy; that their object was simply commercial reform not rebellion, but by their agitation and organized activities they roused the first discontents in the colonies; later, alarmed at the growing lawlessness and radicalism of forces beyond their control, they rallied to the support of British authority, and, except for their opposition in 1773 to the East India Company's plans, remained to the end loyal as a class.

The coöperation of the Southern colonists with their Northern brethren, however, was not brought about by the merchant class, who were English or Scotch agents of British firms and practically unaffected by the new trade laws, but by the planters, who were deeply in debt to these firms and saw in opposition to parliamentary restrictions a chance to escape from economic bondage (p. 39). How the policy of commercial coercion of the mother country was formed and executed is explained and illustrated with great fullness. The resentment over the East India Company's shipments of tea is shown to be due to the fear that the company was a grasping trading monopoly which would gradually undermine not only tea merchants but the whole colonial mercantile world (pp. 265-170); it was not because of the duty, as dutied tea was freely used everywhere before 1773 outside New York and Philadelphia (p. 244). Governor Hutchinson of Massachusetts had a financial interest in the tea cargoes, which helps explain his refusal to send back the ships (p. 382).

This scholarly, technically-perfect monograph is an excellent example of the modern school of historical research. This means, among other things, that it lacks any touch of literary grace. Were it not for an occasional sentence from John Adams, or a thrust at "the Saints of New England" by Colonel Byrd, the monotony, or what Robert Frost calls the simple declarative tone of voice in writing, would be unrelieved.

AMELIA C. FORD.

*Milwaukee-Downer College.*

*War Time Control of Industry. The Experience of England.* By HOWARD L. GRAY. (New York: The Macmillan Company. 1918. Pp. xv, 307. \$1.75.)

Without a trace of mischievous bias, Professor Gray gives us here an admirable study of England's struggle since 1914 to control specific economic forces. But a few years ago it would have been called a study in interference with economic laws. Yet never could a stronger case be made out—that such “laws” after all exist—than in the three years' experience here noted. There is not a change or an upturning that has not depended for its success on discovering and obeying certain business and human conditions already present. The real achievements in stimulating production, saving the waste in distribution and consumption, have nowhere come except to those who have reckoned wisely with average motives largely economic. The most momentous lesson from these attempts seems to me the repeated discovery that, to get the efficiency for which the change is made, the entire group interests concerned have to be discovered and administratively recognized; and all this to a degree never before necessary.

Again and again things halt because some important section of the business in hand is forgotten or left out. It is not enough to supplement the soldier by the civilian. The manufacturer, the buyer, the distributor, and even narrower interests, have to be brought into the game. Many a delay was owing to the tardy discovery of what the leading interests were. The gravest blunders with organized labor were in forgetting or ignoring its representation. The immense sacrifice of giving up those “standards” for which the unions had fought for more than a century has had some unforeseen rewards; never has labor got such “recognition” or come so near to substantial partnership in industrial control as in the period here covered. However much controlled business may go back to the old ways, organized labor is not in the least likely to give up this newly won power. That labor the world over, as well as foremost scientific bodies, is now asking to have its place in cabinets and even among the diplomacies is a sign of what this wider infusion of interests may accomplish in transforming politics and parliamentary traditions.

In such studies of “control” and attempted control as this, one sees the promise of economic and political changes which are at least the conditions of a more rational world order. The author chooses chiefly English experience, noting with real advantage our

own successive steps in voluntary and compulsory regulation. There is much common experience, but also there are differences which throw quite as much light on future problems. Besides the Introduction, there are ten chapters of illustration and exposition in which—through three stages—the reader sees the struggle to reorganize industry and a great deal of the motive lying behind it.

In the first hours but one thing was seen with clearness—the railways must be taken from private management. From this first plunge, the question is always the same: For national safety, what is the next urgency? If England produces no sugar, that must be brought under collective supervision. Then wheat, munitions, wool, hides, coal, shipping, and the like, follow in the order of recognized need. What each step would involve of further and unified action seems not in the least to have been seen.

At the beginning of the war access to the supply of raw sugar was forbidden to private enterprises; prices were promptly fixed and have since been changed at will; taxes have incidentally been collected from all consumers; finally an imperfect scheme of distribution has been replaced by a more equitable one. The steady shrinkage of available stores has, furthermore, turned this scheme of distribution into a rationing of the population, the first imposition in Great Britain of compulsory economy.

What labor would do under patriotic exhortation or under threat had to be learned after a good deal of blundering. What hours and what pace labor could take with best results in terms of efficiency had to be learned in the same costly way. One wonders if the workmen's "leaving certificates" would have proved a failure if the men had from the first been as carefully consulted as were railroad directors before the "taking over."

As in three of the most important English reports, we see in this study how formidable a task it has been to carry explanation along with forced changes in popular habits. Wherever the reasons for change have been so made as to be fairly understood, the popular acquiescence has upon the whole followed as it has in our country.

It is too soon to guess intelligently what this assent to extreme collective control in war will mean when peace is restored. A dispassionate investigation like this shows not only that we have been compelled to think and to act internationally but that in the process we shall learn some priceless lessons. Terms as desperately vague as "a fair price" are being subjected to practical



tests of the utmost value for future uses. Whether in production, distribution, or consumption, we are learning about the range and nature of human motives. Those who have clamored that "all profiteering should be stopped" have seen that without some measure of private profits production was almost automatically checked. Those, on the other hand, who insisted that "interference with economic laws," price fixing and regulation generally, would work nothing but confusion, have been quite as wide of the mark. Whatever the record of failure, the author's chapters leave no doubt either as to the necessity or the wisdom of this "wartime control."

In the admirable summary with which the book closes the essential differences between English and American experience are clearly set down. In spite of appearances, this lunge toward state socialism has modified motives among all manner of workers less fundamentally than is popularly believed. We had learned before the war that the later extensions of collectivism had disturbed the main capitalistic motive far less than socialists and others had predicted. It is but another illustration of the power and skill with which private property adapts itself to altered environment.

The author shows that our capacity and our willingness to learn from foreign experience will have severe testing. Shall we venture on some form of "leaving certificate"? Shall we overstimulate labor by the patriotic appeals and by bonus and overtime and later have to correct it? Shall we allow "dilution" to go to dangerous lengths? Shall we draft men from sections of industry every whit as important as work in the trench and then have to call them back? Shall we check our insane bidding for labor from one industry to another with only loss and embarrassment to national output?

These are a few of the issues on which Professor Gray's record does not throw light if we are wise enough to heed his conclusions.

JOHN GRAHAM BROOKS.

#### NEW BOOKS

ABBOTT, W. C. *The expansion of Europe. A history of the foundations of the modern world.* (New York: Holt. 1918. Pp. xxi, 512; xiii, 463. \$6.50.)

BISHOP, J. B. *A chronicle of one hundred and fifty years. The Chamber of Commerce of the State of New York, 1768-1918.* (New York: Scribners' Sons. 1918. Pp. xvi, 311. \$5.)

BUCK, S. J. *Illinois in 1818*. Centennial history of Illinois, introductory volume. (Chicago: McClurg. 1918. Pp. xxvi, 362. \$2.)

CALHOUN, A. W. *A social history of the American family from colonial times to the present*. (Cleveland: Arthur H. Clark Co. 1918. Pp. 348; 390. \$5 per vol.; \$12.50 for set.)

The main thesis of this profound sociological study is that American family institutions are the resultant, roughly speaking, of tradition, environment, and economic agencies; this third factor may be condensed into the fundamental one of the transition from medieval landlordism to modern capitalism. As a basis for his conclusions the author has compiled much material regarding economic conditions in this country, particularly as to the labor of women and children and the malign influence of capitalism. The third volume, yet to appear, deals with the last fifty years, and will assemble even more economic data; it will also include the index.

Child labor has been with us from earliest colonial days in both North and South. In New England it was a necessity because real wages were low and an exploiting aristocracy controlled; the Puritan abhorrence of the sin of idleness was not the real reason (I, 127). The domestic servant problem is shown to have originated largely with those adult spinsters of New England families who furnished such an abundance of high class, unpaid service that the wages of domestic servants were kept down and thus "formed a tradition that has remained unto this day as a weight upon household servants" (I, 99). One is relieved to learn that it is a myth that the colonial housewife performed herculean tasks unaided.

The second volume devoted to the period before the Civil War indicates, among other things, how capitalistic interests attempted to block western settlement, secured a grip on pioneer homesteads and public lands, and established an appalling industrial slavery of men, women, and children in the factories (II, 161-199); sets forth the crushing economic plight of the poor Southern whites; and discusses the effect of the Civil War in greatly enlarging the scope of women's labor. It is noteworthy that a part of the Southern movement before 1861 to abolish slavery was propaganda for capitalism (II, 352). An encouraging conclusion of general interest is that the extension of woman's economic independence of man and the breaking down of that barrier of inequality is causing the "medieval" family to yield to the new family of equality and comradeship (II, 361-362).

AMELIA C. FORD.

COULTON, G. G., compiler. *Social life in Britain from the conquest to the reformation*. (Cambridge, Eng.: The author, St. Catharine's College. 1918.)

GRAS, N. S. B. *Ancient customs duties of England*. Harvard economic studies, vol. XVIII. (Cambridge, Mass.: Harvard Univ. Press. 1918.)

HASSE, A. R. *Index of economic material in the documents of Pennsylvania*. (Washington: Carnegie Institution of Washington. 1918.)

- HODGES, H. R. *Economic conditions, 1815 and 1914*. (London: Allen and Unwin. 1917. Pp. 91. 2s. 6d.)
- HOVELL, M. *The chartist movement*. (New York: Longmans. 1918. Pp. xix, 327. \$2.50.)
- MACFARLANE, C. W. *The economic basis of an enduring peace*. (Philadelphia: Jacobs. 1918. Pp. 79. \$1.)
- MORRIS, C. *Industrial and commercial geography; for use in schools*. (Philadelphia: Lippincott. 1918. Pp. 332. \$1.20.)
- PAUL-DUBOIS, L. *L'effort économique et financier de l'Angleterre pendant la guerre*. (Paris: Perrin. 1918. 3.50 fr.)
- PENTY, A. J. *Old worlds for new. A study of the post-industrial state*. (London: Allen & Unwin. 1917. Pp. 186. 3s. 6d.)
- ROGER, R. *La propriété bâtie pendant la guerre, 1914-1917*. (Paris: Roger & Chernovitz. 1918.)
- SAUVAIRE-JOURDAN, F. *La vitalité économique de la France avant et après la guerre*. (Paris: Alcan. 1918. 3.50 fr.)
- SHORTT, A. *Early economic effects of the war upon Canada*. Preliminary economic studies of the war. Division of Economics and History, Carnegie Endowment for International Peace. Edited by DAVID KINLEY. (New York: Oxford Univ. Press. 1918. Pp. xvi, 32.)

The Carnegie Endowment is planning to issue, some years hence, a comprehensive critical history of the war. In the meantime it has decided to bring out a series of preliminary studies, of which the present monograph is the first. The editor, in a prefatory note, outlines the scope of the more important of these preliminary studies. One will sum up the cost of the war. Another will deal with the questions whether the extension of state activity during the war is likely to be permanent, and whether, so far as it persists, it will involve the coming of socialism—questions to which the editor gives a decided negative. A third study will discuss the question whether complete national economic independence is feasible and desirable—a question to which the editor again foreshadows a negative answer, but with the proviso that if economic internationalism is to survive new and stronger safeguards must be devised.

Dr. Shortt's monograph is essentially an inquiry into the economic readjustments which the war involved for Canada; first, in domestic industry, and second, in foreign trade. As a preliminary, he surveys both the economic development of Canada during the prolonged era of extraordinary capital investment and speculative activity which ended in 1912, and the fall in speculative values and the cessation in construction work which followed. The analysis of the effects of large capital investments in a new country upon construction activity, urban speculation, and the balance of trade, is particularly thorough and acute.

Dr. Shortt then traces the effects of the outbreak of war, coming in the midst of the readjustment period. The immediate reduction of unemployment by recruiting, and the hectic prosperity brought about later by the growth of war industries are clearly traced. Particular emphasis is laid upon the changes in foreign trade, both as to the tremendous increase in exports and imports alike, and as to the changes in the countries concerned—the steady increase in the proportion of exports going to the United Kingdom and in the proportion of imports coming from the United States. There is, by the way, a printer's error in the table of percentages of imports in 1917 given on page 27: the percentage of imports from the United States should be 78, not 73.

There is no discussion, beyond incidental references, of the changes in price levels, or of government finance, or of the interaction of prices and war finance. It is to be hoped that these and other phases of Canadian war economics will be covered by Dr. Shortt in the next instalment, with the same practical grasp and scientific detachment which characterize the present study.

O. D. S.

UNWIN, G., editor. *Finance and trade under Edward III.* (London: Longmans. 1918. Pp. xxx, 360. \$5.)

*America after the war; by an American jurist.* (New York: Century Co. 1918. Pp. 208. \$1.)

*The Canada yearbook, 1916-17.* (Ottawa: Census and Statistics Office. 1918. Pp. 720.)

*Encyclopedia of Latin America.* (New York: Encyclopedia Americana Corporation, 27 William St. 1918. Pp. 1,000. \$10.)

*Financial and commercial review, 1917.* (London: Swiss Bank Corporation, 43 Lothbury. 1917. Pp. 60.)

Contains chapters on banking and currency questions, money markets, problems of taxation, and trade. Statistical tables and discussion cover the principal countries of Europe.

### Agriculture, Mining, Forestry, and Fisheries

*The Foundations of National Prosperity: Studies in the Conservation of Permanent National Resources.* By RICHARD T. ELY, RALPH H. HESS, CHARLES K. LEITH, and THOMAS NIXON CARVER. (New York: Macmillan Company. 1917. Pp. xxix, 378. \$2.00.)

It is a tribute to the leadership of President Van Hise that the most important contribution to the literature of the subject since his *Conservation of Natural Resources in the United States* should be so largely the product of his own university. *The Foundations of National Prosperity* is the outgrowth of the sym-

posium on conservation at the Second Pan-American Scientific Congress in December 1915. Under the editorship of Professor Ely, the four authors have expanded the contributions there presented into the present work.

The most significant feature of the book is its attempt to bring to bear upon the complex problems of conservation the point of view of economics in conjunction with that of natural science and engineering.

In part I, under the title *Conservation and Economic Theory*, Professor Ely points out that while in America the leaders in the conservation movement have been men of science, in Germany the doctrines of conservation had long been accepted as part of a system of practical political economy. Particularly illuminating is the author's insistence that the key to a diminution of waste as well as to the correction of injustice in the distribution of natural wealth is to be found in the establishment of right "property-relations" and especially of right property-relations in land.

Part II, contributed by Professor Hess, is a scholarly exposition of the conservation policies to be followed in each of four stages of economic evolution. The demonstration of the relation between conservation and the interest rate given in chapter 3 is an admirable elucidation of a point which has hitherto received insufficient attention.

In part III, Professor Leith considers the conservation of certain mineral resources—coal, iron, and copper—a subject on which his intimate acquaintance with the mining industry enables him to speak with authority. Professor Leith's principal thesis is the identity of public and private interests in the adoption of many measures tending to conserve mineral resources. He lists in detail improvements in mining and milling processes which have been adopted largely through the enlightened self-interest of private owners and have effected important savings. Essentially, however, the improvements of this character urged by Professor Leith are simply betterments in engineering practice, which should be encouraged by the government and welcomed by all persons interested in conservation, but which do not involve a balancing of the interests of present against future or of private against public welfare, such as is implied by the term conservation.

Indeed, even the steps advocated by Professor Leith which require the application of government power are largely designed to assist private owners to adopt more efficient methods and in-

volve no sacrifice of present to future interests. He writes of coal:

The most obviously helpful step possible to the government in the immediate future is to permit coöperative arrangements under private ownership, making it possible to use common selling agencies, . . . to divide the territory to be served, . . . to allow the output to be proportioned to the demand for certain territories, . . . all of which could be accomplished without detriment to the public if properly regulated by the government through the Federal Trade Commission. The enormous saving possible by this means would allow of the introduction of conservational methods at the mines without raising the cost to the public.

It is difficult to understand how the author's proposal to permit coöperative marketing of coal would not as easily permit the fixing of prices. Suppression of competitive bargaining is surely the first step in the establishment of monopoly. The author shares a point of view common among men of applied science who have become impressed with the superior efficiency of large-scale operations and are prone to overlook the evil social results of concentration of control.

Since these pages were written, it is interesting to note, the Fuel Administration has undertaken to apportion the output of the coal fields between consuming districts much as Professor Leith suggests private operators be allowed to do, though for the purpose of increasing production rather than of preventing waste in mining. It is suggestive that this action was possible only under a régime of government price fixation.

Although part IV, *Conservation of Human Resources*, by Professor Carver, bears little relation to the other contributions, it is the most readable and stimulating portion of the book. It might be described as a sermon on the gospel of productivity. Particularly refreshing are his insistence upon the homely virtues of industry and thrift and his attack upon the frequently accepted doctrine that a multiplication of habits of consumption in itself constitutes progress.

Perhaps the most significant aspect of the book is its attempt to bring to bear upon the problems of conservation the combined resources of economics and natural science. Engineering problems and property-relations are so inextricably involved in an adequate conservation policy that it can be framed neither by economist alone nor by engineer alone. Much has been written concerning the consequences of the exhaustion of perishable re-



sources by men whose ignorance of natural science and of what is possible from an engineering point of view led them into naïve errors. On the other hand, there can be no doubt that the conservation movement has also suffered because the men of science who fathered it were unfamiliar with the property institutions and economic forces of their time. The present work has helped to bridge the gap between the technology and the economics of conservation.

FRED G. TRYON.

*The High Cost of Living.* By FREDERIC C. HOWE. (New York: Charles Scribner's Sons. 1917. Pp. x, 275. \$1.50.)

Dr. Howe has been before the reading public so long that he needs no introduction. It follows that a book from his pen, bearing the above title, is sure to have readers. In this book there are so many things worth saying which are well said, that one would like to commend it as a whole, but to do so would be misleading. The good portions are the chapters describing coöperation in Europe. Some of the parts not so good are mentioned below.

*The High Cost of Living* deals with the conditions under which foodstuffs are produced. Thus it gets back at once to the land. The most unfavorable pictures of the farming world are presented, apparently for the ultimate purpose of introducing the remedy, which is a specific, the single tax.

One of the first of a considerable list of warped truths is found early in the book (p. 15), where it is stated that but one half of our cultivable area is cultivated. As here used this statement can have but one import: some one or something is to blame because it is not being cultivated. As a bald fact it is probably true that but half of the land which is physically capable of cultivation is so used. No doubt Dr. Howe would turn to the agricultural volumes of the census and prove that much of this land is in Illinois and Iowa. Before commenting on the fact that some of it really is in the best agricultural sections, let us notice that over 10 per cent of the neglected acres are in Nevada; land on which a jack rabbit works hard getting a living. Much more of this cultivable land is in western Texas, in Utah, Arizona, and New Mexico. But a large share of the unmeasured millions of uncultivated acres in the United States are much more valuable uncultivated than cultivated. Other quantities of land are being put under cultivation slowly and are yielding good results.

It worries Dr. Howe to discover that 400,000,000 acres of land in farms are not cultivated at all. "How can we break up the 200,000,000 acres held in great estates, and throw open to use the 400,000,000 acres enclosed in farms but not cultivated by the owners?" Like the uncultivated land not in farms a great deal of this 400,000,000 acres of uncultivated land is in the semi-arid region. Much of it is used for pasture and it has not yet been demonstrated that it has under present conditions any higher use. The attempts to turn the pasture lands of the plains and basin country into arable land have resulted in two failures to one success, and the failures are frequently tragedies. Many millions of acres of this untitled farm land are in pasture throughout the humid section of the country. Pasture produces less per acre than arable land, but it costs less to make it produce, and the reasons for leaving it in pasture are, in the minds of the farmer, adequate. Erosion is prevented, fertility is not wasted, labor is saved. There are 84,000,000 acres of cultivable pasture land in the country, a tract the size of Ohio, Indiana, and Illinois. Of the remaining uncultivated land in farms a large part is put to some use, often good use. There is land in woods, or, without being classed as pasture, that is grazed more or less. Much land is not fit for cultivation on account of rock, or water, or topography. Dr. Howe should observe that a great deal of land is not being held "against the needs of society" so much as it is being held by the Almighty for future geological development.

Dr. Howe's complaint is not a criticism of the farmer, but a commiseration. "The farmer does not fix the price of his wheat as other producers of their products." The farmer has been told over and over that almost every one besides himself has the privilege of setting the prices on his wares. This is another way of saying that the farmer alone enjoys no monopoly. But does he not have about the same privilege of setting the prices on his goods that the merchant has on his? The farmer has the privilege of keeping his grain for home use, or awaiting a rise in the market which Dr. Howe seems able to forecast with the precision of the astronomer's prediction of an eclipse. The farmer may set his price and see what will happen. He may sell, or he may keep his goods. Many a farmer keeps horses on his farm eating a hundred dollars worth of feed a year, exercising his right to set prices. He sets a price on his potatoes in the fall and finds himself still in possession of them six months later with the market glutted. A mer-

chant sets a price on his clothing, and his customers, believing that they can do better elsewhere, leave him in charge of his wares till they are out of style. One great reason why the merchant seems to be an arbitrary price-maker is because he knows the market and sets a price which will move the goods, and by no means always at a profit. If there is any point at all to Dr. Howe's lament it must be that the farmer should enter the realm of monopoly, and, like others, hold up his customers.

The grain exchange comes in for a double portion of denunciation: "They deal in futures." And yet the farmers without exception deal in futures whenever they handle grain for themselves beyond the farm. The grain dealers, according to the author, all but openly steal from the farmer 15 to 25 cents a bushel on wheat through "short-weighing, over-docking and price-gouging." It is true Dr. Howe shifts the responsibility for this sweeping accusation to other shoulders, but he accepts the testimony. Now it so happens that there are farmers marketing their wheat through other channels, and getting the terminal market price for it, but not at a saving of 15 to 25 cents per bushel. Far from it. Rather at the same figure given them by these outlaws, or at a saving of a modest 3 or 4 cents—a saving well worth the effort.

Not only do the grain dealers take these unconscionable tolls almost before the very eyes of the farmer; they put the price of wheat down when the farmer sells and boost it when they sell. The farmer cannot hold wheat for this inevitable rise because he does not own the terminal elevators. True, but wheat can be stored on the farm just as economically as anywhere. Yet careful studies show that, one year with another, there is but a small margin of profit in storing. The cheese producers have almost as good facilities for storing cheese as has a dealer, but they rarely store; they are afraid to speculate and they want their money at once.

The movement of grain production into the West many of us had looked upon as a natural result of the distribution of soil, the favorable topography, climate, and drainage of the upper Mississippi Valley. But from *The High Cost of Living* we learn that this is not the case. "The railroads have destroyed farming in New York in order that they may enjoy the earnings that come from a thousand-mile haul from the Far West." In another connection the reader is told that the distributors have so discouraged the farmers of New York that they produce only 5 per cent of the food required for the city of New York. It would be useless

to go over a very great mass of statistical data to prove that there is still some important agriculture in the eastern states; that the great drawback to eastern agriculture is not the lack of railway facilities. A generation ago the West went through a struggle against the railroads, the belief at the time being that the railroads were holding up the western farmer for an inordinate charge for carrying freight. They must indeed have won a great victory if they induced the roads to put their charges so low as to work a hardship on the farmers at the very door of the great cities, with respect even to highly specialized products.

It may be of some slight interest to note that New York State in both 1900 and 1910 had the largest number of, and most valuable, cows of any state in the Union; and that she was outdone in 1910 in the total value of livestock by but five states; that the New York hay crop was second in tons and first in value; that she raised more than 10 per cent of the potato crop of the country, and produced dairy products greater in value than those of any other state. In fact there was really a very great deal of farming still going on in New York at the time of the last census. Pennsylvania boasts of the richest agricultural county in the United States, and produces the third most valuable hay crop. The dairyman of the East buys his grain of the western farmer rather than raise it himself because he has come to believe that it is cheaper to buy it than to raise it.

According to *The High Cost of Living* the packers have discouraged the eastern producers of livestock and now threaten those of the West. Just how they will prosper after the West also ceases to be a stock producing country is not suggested. The writer of this article is willing to submit that he had long been under the impression that his native state, which ranks first in the production of hogs, holds that distinction because of the advantages which she has in growing Indian corn as compared with New England and the Middle Atlantic States. Because of the railways we have territorial division of labor carried to a considerable extent. Should the present freight congestion continue we may have forced upon us the situation which Dr. Howe so warmly commends, community self-sufficiency. This would mean that the Eastern states would have to feed themselves and the West would have an undisposable surplus or resort to a very different type of agriculture.

It is stated that the banks are in collusion with the packers and grain monopolists, and whenever the latter want produce to flow

into the markets they let the bankers know it and they in turn threaten to call in the loans. The farmer, therefore, is put at a disadvantage and takes what he can get to avoid the fate of having his goods sold from him under the hammer. This startling evidence has not heretofore been widely published, and a large number of those to whom it is now divulged will call for the minutes of the last meeting.

Dr. Howe harks back to the good old times of barter at the village store, and praises without stint the conditions of that period. Now it has fallen to the lot of some of us to go carefully over the history of the farmers of a generation ago. Contentment is not the dominant note. The farmers were angry, discontented, and belligerent. Possibly Dr. Howe means longer ago than forty years by a "generation," but he is specific in speaking of the time when the laws of supply and demand were still in operation "and we had no cost-of-living problem." This was until into the nineties (p. 157). So apparently the decade or two before the middle nineties were the times from which we should take our patterns. We remember those golden agricultural days. Those were the times when wheat was selling on the western farms at 50 cents a bushel; when hogs brought 3 cents a pound; cattle about the same. A little earlier the farmer's wife made butter at 8 cents a pound and sold eggs at 8 cents a dozen. These prices may have contained a competitive profit, but it was not apparent. Land was cheap, but it took the owners almost as many years to pay for their farms at \$10 an acre as it has recently taken their sons and grandsons to pay for the same land at \$100 to \$200 an acre. The farmers of forty years ago had as landowners one very great advantage; they could earn enough money for the initial payment much more quickly than can the young men of today. During the good times before the era of monopoly the farmers joined the Farmers' Alliance by hundreds of thousands and voted for free silver and an increase of paper currency. And their reason for this action was their poverty. About the time Dr. Howe sets as the beginning of evils, the farmers were getting well enough off so that agitators had hard work to get a following. More recently in the Northwest where the reliance has been mainly on one crop, and where they have suffered sorely from drought two years in succession, they have again undertaken to get relief through politics. It is a pity that they could not have gone ahead a little more calmly with some of the good reforms they had under

way. A group of farmers in Canada have done very admirably what the northwestern farmers might well do, and have done it almost outside of politics.

In more general terms Dr. Howe makes sweeping assertions that convey to the credulous reader the idea that the American farmer is about ready for charity or the poor-house. Many other writers have exaggerated the prosperity of the farmer. Surely they have made great progress since the days of 3-cent hogs to the time when there are three-fourths as many automobiles as voters in the state of Iowa. At an auction in southern Wisconsin a few days since \$13,000 worth of farm property was sold, and without exception each buyer paid cash. In spite of the oppression of the packer, the farmer receives, in many instances, for a discarded dairy cow \$100 as the meat price. For a good beef animal he gets as much now as many a team of horses brought twenty-five years ago. The yield from an acre of fairly good oats of last year brought at the market not less than \$45, and in many cases \$60. Many a farmer received \$30, \$40, or \$50 for the crop grown on an acre of corn, or wheat, or barley land. These are not averages, but the average is higher than ever before. There are spots in the country where crops were poor, where the people had a hard time to get along till another harvest. But no man who knows the cotton growers, or the grain growers, or the livestock raisers in typical sections of the country during the past year will take Dr. Howe's somber lines seriously.

Why should we not squarely face the situation as it is? Admit that we do not support as many people per square mile as France or Belgium or Germany because we are not driven to it, because our hired men get two or three dollars a day instead of 40 cents, because we have land in abundance and use it so that the laborers and farmers produce several times as much per capita as is produced by the laborers of those countries. Then we will concede that not much usable land is held out of cultivation, that our city people do not want to go to farming, and that a great portion of our big farms are being as well used as they would be if broken up into "three acres and liberty" holdings. For really a fifty-acre farm would not afford a living for a family on the greater part of the ranch lands of the Southwest and West. Having agreed on these facts we could begin to plan how to help the tenants of the Southwest, how to get credit for those who need it, how to bring the minority of our banks to time for overcharging their custom-



ers in interest rates. Let us take the testimony of the United Grain Growers of Winnipeg concerning the saving to be made by farmers on shipping their own grain to Europe—and it is not 50 or 75 cents a bushel. Let us remember that so long as private property exists those who hold it during a time of rapidly rising prices will make money by it. Let us not believe that the farmers are altogether without hope or prosperity until we have visited them and talked with them; all the time remembering that there are 7,000,000 farmers, and that while there are sections in which they are not prosperous it is not fair to assume that all are as badly off as the worst.

We will agree that tenancy may become a menace, and that public attention should be given to the settlement of our unoccupied lands. Nevertheless, so long as tenancy is a stepping stone to ownership, it is not altogether bad. We will agree that some limitations ought very likely to be placed on the ownership of land. We will find in fact a vast number of things to do including a reorganization of some marketing arrangements. But we must not indulge in such unprovable assertions as are found in *The High Cost of Living* concerning the rotting of crops on the ground, as though it were very general, or as though the farmer were not himself at least partly to blame for the trouble.

It may be necessary before we get far in solving the problems so in need of a solution to forget to advocate panaceas. Seldom in the history of the world have reforms come by any one stroke of genius. It is true that there would be no great incentive to own land should the government confiscate its value in the form of a tax. But neither would we care to own other income producing property with the value squeezed out of it. Let us apply heavy taxes to urban lands where the evils of landlordism are much worse than in the country, and while the great majority of our rented farms are owned by men with but a single farm each, and while the majority of our tenants are not oppressed, work for some plan to promote farm ownership rather than take away the property interest in land which is one of the strongest incentives to land ownership.

It is all well and good for a single-taxer to believe in his vision, but in trying to realize it, it would seem to a skeptic to be better to face the issue squarely, to confine oneself to the facts as they are, rather than to undertake to prove by statements, no matter

how honest, that reform is demanded by deplorable conditions, conditions which to most people are not apparent.

B. H. HIBBARD.

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- CLEMENT, C. E., and WARBER, G. P. *The market milk business of Detroit, Michigan, in 1915.* Bulletin no. 639. (Washington: Dept. Agri. 1918. Pp. 11. 10c.)
- DIMOCK, J. A. *The new business of farming.* (New York: Stokes. 1918. \$1.)
- FABER, H. *Coöperation in Danish agriculture.* (New York: Longmans. 1918.)
- GILBERT, C. G. *Coal products: an object lesson in resource administration.* The mineral industries of the United States, bulletin 102, part 1. (Washington: Smithsonian Institution, United States National Museum. 1917. Pp. 16.)
- GILBERT, C. G. and POGUE, J. E. *Coal: the resources and its full utilization.* The mineral industries of the United States, bulletin 102, part 4. (Washington: Smithsonian Institution, United States National Museum. 1918. Pp. 26.)
- MANN, H. H. and others. *Land and labour in a Deccan village.* (London: Oxford Univ. Press. 1918. Pp. 184.)
- PICKELL, J. R. *Agricultural Argentina.* (Chicago: J. Rosenbaum Co. 1917. Pp. 123.)
- WOLFF, H. W. *The future of our agriculture.* (London: King. 1918. 12s. 6d.)
- ZEBITCH, M. *La Serbie agricole et sa démocratie.* (Paris: Berger-Levrault. 1917. Pp. 82. 3 fr.)
- Agricultural production for 1918, with special reference to spring planting and to live stock.* Circular 103. (Washington: Dept. Agri. 1918. Pp. 22. 5c.)
- Annuaire international de statistique agricole 1915 et 1916.* (Rome: Inst. Intern. d'Agri. 1917. Pp. xlix, 949.)
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- International yearbook of agricultural statistics.* (Rome Inst. Intern. Agri. 1918. Pp. 1,000. \$2.)
- War gardens. A selected bibliography.* (New York: Russell Sage Foundation Library. 1918. Pp. 3.)

## Manufacturing Industries

## NEW BOOKS

HARDING, J. S. *The boot and shoe industry.* (New York: Pitman. 1918. Pp. 130. 85c.)

REITELL, C. *Machinery and its benefits to labor in the crude iron and steel industries.* (Appleton, Wis.: The author, Lawrence College. 1918. Pp. 36.)

SZEPESI, E. *Modern methods in textile mills.* (New York: Westinghouse Lamp Co. 1918. Pp. 54.)

WERNER, C. J. *A history and description of manufacture and mining of salt in New York state.* (Huntington, N. Y.: The author. 1917. Pp. 144. \$7.50.)

*The manufacture, distribution and use of gas in Philadelphia.* (Philadelphia: Philadelphia Chamber of Commerce. 1917. Pp. 61.)

*The paint and varnish making industry in Philadelphia.* (Philadelphia: Philadelphia Chamber of Commerce. 1917. Pp. 29.)

*Standard cotton mill practice and equipment; with classified buyer's index.* (Boston: Association of Cotton Manufacturers. 1918. Pp. 203.)

The 1918 edition of this annual. Contains article by Arthur Richmond Marsh on developments in the cotton trade in 1917, statistical tables on production, acreage, exports, stocks consumed, prices, spindles, and tables of mechanical efficiency.

## Transportation and Communication

*The Regulation of Railways.* By SAMUEL O. DUNN. (New York: D. Appleton and Company. Pp. x, 354. 1918. \$1.75.)

The author of this book, though inclined to believe that the present agitation for permanent government ownership of the railways will not bear fruit, nevertheless confesses to some anxiety lest the government retain the railways after the war is over. Because he strongly opposes government ownership he presents an elaborate argument against this policy; because he believes that government ownership will prove but temporary, he takes up in considerable detail the nature of the regulation that should prevail upon the return of the railways to their former owners.

The usual arguments against government ownership are presented. We are told that politicians would be chosen to manage the railways; that the employees would demand excessive wages and through the exercise of their political power would secure

them; that the making of extensions and improvements would be dictated by political rather than economic considerations; that contracts would be let to further party rather than public interests; and that rates would be adjusted so as to placate favored communities rather than serve the general welfare. Were the government to be progressive and efficient the case would be otherwise; as a matter of fact, so we are told, governmental administration is unstable, inefficient, and largely swayed by political influences.

What then should be the relation of the government to the railways after the war is ended? In the opinion of the author, the best solution of the problem would be a modified system of regulation. The benefits of past regulation are freely conceded. Regulation is said to have destroyed the railways' domination of politics; to have eliminated rebating, and to have greatly reduced unfair discriminations; and to have thrown the light of publicity upon railroad mismanagement, financial and otherwise. Yet the policy of regulation did not prove altogether successful. Under it the rates of the railways were reduced, while their expenses and taxes were increasing, to the serious detriment of their net earnings. Because of inadequate revenues, new construction was reduced to a minimum, and necessary maintenance expenditures were postponed; and as a result when war came upon us the railways were not ready. A large part of the difficulty the author attributes to the fact that the railways did not have one master, but forty-nine. He urges that control over rates be taken out of the hands of the state commissions, and vested solely in the Interstate Commerce Commission; and that the commission adopt a more liberal policy with respect to railway rates, in order that the carriers may have adequate funds with which to provide satisfactory service. The commission, moreover, should be empowered to fix minimum rates as well as maximum rates; to regulate the issues of securities (with provision for federal incorporation); and to exercise broader jurisdiction over railway construction and operation (to the complete exclusion of state jurisdiction). It goes without saying that the repeal of those laws that endeavor to retain competition among railways (the Sherman act as applied to railways and section five of the Act to Regulate Commerce) is recommended.

In conclusion, the author suggests a plan for the reorganization of the railways along regional lines. Regional holding com-

panies should be incorporated under federal laws for the purpose of acquiring all the stock (it would not be necessary to acquire the bonds) of the railways located within their particular region. The stock issues of each regional holding company, whether for the purpose of acquiring the railways within its district or of financing future requirements, must be approved by the Interstate Commerce Commission. On the stock thus approved the government should guarantee a return sufficiently high to make the stock marketable at par. In order that the company might have an incentive to efficient management, an arrangement should be made for the division among the company and the government of all profits above the guaranteed return. Two thirds of the directors of each regional holding company should be chosen by the stockholders (to prevent political considerations overriding economic considerations), and one third by the government. By this plan, the author urges, the difficulties inherent in the presence of "strong" and "weak" roads side by side would be removed; the wastes of competition would be eliminated; and a proper balance between centralization and decentralization of management would be attained.

This book should prove of distinct interest to all students of railway problems. Though the author is clearly one-sided in his discussion of government ownership, he has given us a sincere and able argument in favor of the adoption of a liberal policy of railroad regulation. Moreover, his regional holding company plan, which was doubtless suggested by the federal reserve banking system, merits careful consideration, and particularly so in case a decision is made to return to private ownership of the railways.

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*The Canadian Railway Problem.* By E. B. BIGGAR. (Toronto: The Macmillan Company of Canada. 1917. Pp. vii, 258. \$1.50.)

Mr. Biggar, who has had much experience in the field of journalism, has produced a thought-provoking work in this book, although there will be many, undoubtedly, who will not agree with his general conclusions. The work in general is a philippic delivered with vigour, if not terseness, against the private ownership of railways, and especially against private ownership of railways in Canada.

The book, in the reviewer's opinion, suffers from lack of correct arrangement of its contents, both in the chapters dealing with theory and in those given over to the discussion of historical and practical problems. A better arrangement would have been to have made the historical survey of Canadian conditions first; then of actual conditions elsewhere on this continent, in Europe, and in Asia; and finally to have made his main analysis of the data gathered and the deduction of general principles. However, Mr. Biggar plunges in *medias res* with a sharp attack upon the railroad as a "revolutionist and tax collector."

The main thesis underlying his entire treatment of the subject is that the railroads have usurped certain natural functions and rights which belong to the community at large, and which cannot be surrendered without vital injury to the state. In this respect the railroad is a revolutionist, trampling upon the inalienable rights and freedom of the individual and the nation. It is Mr. Biggar's contention that the ills resulting therefrom are so serious and far-reaching in their nature and scope, that the health of the body politic cannot be restored until the people assume complete ownership and control of the railroads. His argument that railway rates are, *de facto* if not *de jure*, taxes, is well known; as is also the parallel which he draws between what he considers the practically identical functions of the postal system and the railways. Developing these arguments he makes out a strong case in behalf of public ownership of all the highways of a nation—whether turnpike, canal and river, or railroads.

The most valuable part of Mr. Biggar's work is found in his historical treatment of the development of the Canadian railway system, and the public policy pursued in the past of granting lavish aid to private railway corporations, in the form of both cash and subsidies. The author has a particularly valuable chapter on the Hudson's Bay Company and the practically sovereign powers conferred upon it with respect to the ownership and control of its territories in western Canada. True, large areas were withdrawn from the jurisdiction of this company with the expansion of Canada westward, but even today the land controlled and owned by this organization makes it not only wealthy but powerful. There are few who will disagree with Mr. Biggar in his contention that the alienating of the public domain to promote private enterprise is much less to be preferred, if government help is to be given at all for such undertakings, than the granting of cash subsidies.



Nor will many, conversant with the situation, cavil at the author's strictures upon the corruption and extravagance that accompanied the construction of the great transcontinental railways of Canada. It is generally recognized, however, that the "corruption" argument has little weight either for or against any particular form of railway ownership in Canada, as unfortunately neither private nor public ownership of the nation's railways has eliminated extravagance, corruption and waste. It is also evident that Mr. Biggar is quite correct in his contention that the building of parallel lines of railways in the Dominion has not, through competition, lowered rates, but that on the contrary rates are maintained at a high level because of the necessity of providing a return on the huge investments involved.

The author makes a valuable analysis of the conditions affecting the operation of Canada's great publicly owned railroad, the Intercolonial. In reply to the charge that this railroad has not paid, he shows that it has, in the last year or two, produced a surplus of from \$2,000,000 to \$3,000,000; and that the explanation lies in the fact that the management of the road has been taken out of party politics, and that the railroad is at last run as a railroad should be. Mr. Biggar finds in party patronage the blight that has hitherto vitiated public enterprise, whether railroad or other; and asserts that, when other countries have taken over private railways, they have found it unwise to allow each member of Parliament to set himself up as a railway director and to subordinate national service to the interests of his own constituency. In his opinion it is unfair to demand that the Intercolonial show a yearly surplus in proportion to that of the Canadian Pacific, in view of the princely aid given to the latter by the nation, and hence its smaller cost of construction per mile.

It is unnecessary to follow Mr. Biggar, in detail, into his analysis of the present railroad situation in Canada and elsewhere, as affected by the war. Quite obviously the various governments have been obliged owing to the exigencies of war to assume more or less direct control of the railroads; but it would be unwise to draw the deduction that the most progressive nations are swinging towards state ownership and socialism. And, finally, although Mr. Biggar in his prefatory remarks disclaims any hostility to the capitalists associated with Canadian railroads, and Canadian railroad builders, it is fair to say that his book is far from being judicial in tone and temper. Nevertheless, in this work we have an interesting and

worth while, although decidedly partisan, contribution to the literature available on Canadian railroad economics.

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#### NEW BOOKS

DAISH, J. B. *The Atlantic port differentials.* (Washington: Lowdermilk. 1918. Pp. xix, 524.)

HAWBAKER, C. C. and LAW, J. W. *Parcel post business methods.* Farmers' bull. no. 922. (Washington: Dept. Agri. 1918. Pp. 20.)

PICARD, A. *Les chemins de fer.* (Paris: Dunod & Pinat. 1918. Pp. xiv, 856. 25 fr.)

*The function and utility of free ports.* (New York: The Merchants' Association of New York. April, 1918. Pp. 29.)

This is a short collection of arguments in favor of the establishment of a free port at New York, reprinted from earlier sources. The brief submitted to the United States Tariff Commission is included together with extracts from the hearings; also an answer by Mr. Henry R. Towne to the published arguments of Mr. Irving T. Bush against the free port project. It is claimed that the installation of a free port in New York Harbor would develop a great collection and distribution center, especially for raw materials, and create a great international market, a center for more shipping lines, and a transshipment point of first magnitude. It is asserted further that this would promote the commercial supremacy of the United States in all parts of the world, promote the importance and efficiency of the port of New York, and directly benefit many industries using imported raw materials.

H. R. T.

*Report of committee appointed to advise as to measures requisite for the maintenance of the British mercantile marine.* (London: Chamber of Shipping of the United Kingdom and Liverpool Steam Ship Owners' Association. 1917. Pp. 74.)

*The traffic library.* Vol. 13, *Law of common carriers, abridged.* (Chicago: Am. Commerce Assoc. 1918. Pp. 260.)

### Trade, Commerce, and Commercial Crises

#### NEW BOOKS

DRUCKER, A. P. R. *Retail delivery at the bar. A suggested solution of an acute mercantile problem.* (Eugene: Univ. of Oregon. 1918. Pp. 8.)

HUBERICH, C. H. *The law relating to trading with the enemy, together with a consideration of the civil rights and disabilities of alien enemies and of the effect of war on the contracts with alien enemies.* (New York: Baker, Voorhis & Co. 1918. Pp. 485. \$5.)

LALLIÉ, N. *La guerre au commerce allemand*. (Paris: Tenin. 1918. Pp. viii, 223. 3.50 fr.)

SELFRIDGE, H. G. *The romance of commerce*. (New York: John Lane Co. 1918. \$3.)

SNOW, C. D., and KRAL, J. J. *German trade and the war*. Bureau of Foreign and Domestic Commerce, Miscellaneous series no. 65. (Washington: Supt. Docs. 1918. Pp. 236.)

The Department of Commerce has rendered a service in bringing together in organized form the fragmentary material relating to commercial and economic conditions in Germany and their relation to plans and preparations for the period following the war. After an introductory section upon the failure of Germany's aims to be dictator of commerce, a picture is given us of German economic life in war time, showing the lack of efficient administration, and the difficulties of business men due to shortage of coal and materials generally, to transportation and labor conditions, and to the unlimited interference of bureaucratic and military authorities.

Upon the declaration of war German foreign trade was confined to the countries of central Europe and to the nearby neutrals. Importation of raw materials for war industries has been centralized in a government organization. Importation for private account is hampered by various measures; the export trade is similarly limited by numerous prohibitions.

Manufacture has been largely confined to war needs. In the report a number of leading industries are taken up for discussion. The increased profits of the iron and steel and electrical companies, the shortage of coal and raw materials in the textile industry, are accorded special attention. In a later section upon the vital question of materials, Germany's dependence upon foreign sources is clearly shown by statistics. Many interesting facts are given regarding the search for substitutes which has been forced upon Germany, by war conditions.

In cartell organization some changes have been made. New syndicates have been formed among the producers of bar iron, dyestuffs, silk, and other textiles; while the important coal and steel syndicates have been prolonged. The manufacturers of boots and shoes were compelled by government authority to combine; compulsory syndication was also applied to the leather and soap industries.

Under the heading Labor Conditions in War Time a number of topics are taken up including the suspension of strikes by agreement, the shortage of factory labor, law against idleness, the employment of women and of prisoners of war, and wages of workers.

Of special interest are the sections dealing with Money and Banking, and with Loans, Taxation, and Proposed Monopolies. Although external results of German banks were excellent, the significance of bank statements is belied by the darkness of the economic situation. In the financing of the war, one notices in particular the tendency to stress loans and bear lightly upon taxation as a means of raising

revenue; also the dependence placed upon war indemnities. The section upon Preparation for Trade after the War contains little that is definite but the impression gained is that active preparation for the post-war period is being made.

H. R. TOSDAL.

*Appendices to statement prepared for the committee to show general nature and extent of international trade of the world, and share of United Kingdom in that trade, prior to the war.* (London: Chamber of Shipping of the United Kingdom and Liverpool Steam Ship Owners' Association. 1917. Pp. 132.)

Object and scope of the report: Empire and foreign trade of the United Kingdom; Empire and foreign trade of the British dominions and possessions; Foreign trade of other countries; The world's steam tonnage; Conclusions drawn in regard to foreign trade of the United Kingdom from 1904 to 1913; Trade policy, particular markets, encouragement of trade in all markets, trade policy on shipping questions.

*Aperçu des importations principales dans les divers pays, de 1911 à 1913 avec indication des provenances françaises et étrangères.* (Paris: Alcan. 1918. Pp. xxxvi, 161. 8.80 fr.)

*Le commerce franco-américain.* (Paris: Berger-Levrault. 1918. Pp. xxvi, 306. 3.50 fr.)

### Accounting, Business Methods, Investments, and the Exchanges

*Farm Accounting.* By HIRAM T. SCOVILL. (New York: D. Appleton and Company. 1918. Pp. xxi, 429. \$2.)

*The Determination of Farming Costs.* By C. S. ORWIN. (London: Oxford University Press. 1917. Pp. 144. 5s.)

Generally speaking, two methods of accountancy have rivalled each other in recent years for the farmer's favor as schemes for determining his business gains or losses. One of these may be described, through using its most distinctive element, as the "labor income" method of farm accounting, and the other as some form or another of "farm costs" accounting. The labor income plan is much the more widely used. In the numerous and extensive surveys of farm management practices in different parts of the country made by the United States Department of Agriculture and by the various agricultural colleges, this is the plan which has been used for determining farm profitableness or unprofitableness. The college extension service, under the Smith-Hughes law, employs in all the agricultural colleges an official to teach this system of account keeping to farmers, and not a few of the

numerous farm accounting systems promoted by private agencies are simply the labor income scheme with variations.

The scheme itself, in brief, provides for the capitalization of the farmer's equipment property, which, together with his operating expenses, is subtracted from his gross annual income. The remainder represents the far-famed "labor income" to the farmer. Manifestly, the factor of importance in this plan of accounting is the capitalization factor; and many students have observed that through taking on higher and higher capitalizations with each succeeding year (farms have appreciated in value during the past two decades more than during the previous four hundred years), there is a tendency on the part of equipment property to absorb the entire farm income. Indeed, it is not impossible that a farm may appreciate so highly during some year, consequently take on so high a capitalization, as to absorb *all* the income for this year, leaving the farmer wealthy, but with no personal compensation for the year's work. It is doubtless the fact of the income absorption power of capitalized land which has brought discredit upon the labor income plan as a system of accountancy, however useful it may be for other purposes.

The farm costs method of accounting is of a distinctly different type from this; and a prime merit of the two books before us is that they are not "labor income" survey contributions, but, on the other hand, are texts which belong to the "costs" accounting class.

The work by Professor Scovill is indeed probably the most comprehensive discussion which has yet been given to accountancy upon the farm. A mere statement of the chapter titles shows its scope. The subject-matter under the first four of these titles is taken up with the technique of double entry bookkeeping, using agricultural material for illustrative purposes. Chapters 5, 6, and 7 are employed in the description of the various special accounts which arise, the different books to be used, and the abstracts that may be made. Chapters 8 and 9 are devoted to cost accounts and their problems, while 10, the last chapter, is given to the purposes and difficulties of interpreting costs. An admirable appendix devoted to various computation tables and an up-to-date bibliography completes the volume.

A scheme of accounting is pragmatic in its purpose, or there is little reason for its existence. The final chapter in this work undertakes to show the practical teachings in farming which may

be drawn from the cost accounts which have been presented. "Farm management," as the application of lessons of this sort is called, has always been coupled with the labor income scheme of farm accounting described above. Farm management studies of the labor income kind have always involved, furthermore, the well known data regarding farm enterprise, "diversity," "quality," and "size." It is no small tribute to the originality of the text that it breaks away from this tradition entirely; and cost accounts are interpreted in this book under such titles as "Initiating new projects," "Preparation of comparative analyses," and "A guide in handling labor."

The bane of all farm cost accounting is the necessary dependence which must be placed upon estimates in order to secure the data for the original records. Few farm cost data develop automatically, as in other businesses, through the routine of business transactions. The farmer buys and sells but little, most of the elements of his business are unpriced and are available for accountancy records only through having estimated values placed upon them. The difficulties of data collecting for farm costs accountancy are in fact so formidable that practical attempts at farm costs keeping, whether by government or by the experiment stations, have always required the use of trained experts for this gathering of records. The hope of the publishers, therefore, that "practical farmers will find this book an invaluable aid in their daily work" is subject to some discount.

Furthermore, farm costs are largely joint costs, and the business itself is one of relatively large fixed capital, as compared with operating capital, so that a very considerable school of farm accountants deny the need or usefulness of final costs in this sort of accounting, and look only for relative ones. This text, however, undertakes the discovery of absolute costs; and more than three score accounts and an equal number of formulas for adjustments and postings and closings are employed. One is relieved entirely of the impression in reading this book—an impression which the comparative smallness of the farm business gives—that accountancy upon the farm may be a "soft snap."

Every thinkable sacrifice exacted and all the rewards derived through the operation of a farm are suitably distributed by the chapters of this book as debits and credits to the proper accounts which represent the farm transactions. Certain financial statements are then transcribed, and the farmer is furnished with the sought for profit and loss information. Reckonings of this sort,



if performed in a more or less obvious way, are termed by the author "farm accounting"; if gone into more penetratingly, the term "farm cost accounting" is applied; and the text is fairly evenly divided between these two titles.

Farm Accounting will be sufficient if one wishes to find his profits as a farmer, as distinct from his profits as an individual, and to find the amounts of the expenses and the sales of various commodities represented by transactions with outsiders. But one must use Farm Cost Accounting if one wishes to find the profit from each branch of his farming operation, after considering all expenses of production and maintenance, and all incomes resulting from the consumption of productive elements upon the farm, as well as from farm sales.

One can hardly praise too highly the skill with which the author has analyzed the farm business and classified its significant transactions, and has shown the adjustments and computations by which the residuum of profits or loss may be derived. Of the "more than a hundred systems of bookkeeping" which Dr. Spillman declares "have been offered for the farmer's use," none, we venture the claim, has approached the present work in thoroughness of analysis and breadth of classification. The system seems convincing, too, and one readily believes that the conclusions resulting will accord with the facts. The many and varied exercises in accountancy problems which the text affords, together with the well selected list of questions following each chapter, help to add to the merits of the book for teaching purposes.

*The Determination of Farming Costs* is a small volume from the University of Oxford Institute for Research in Agricultural Economics, giving the conclusions from studies made in cost keeping upon twenty English farms in 1915 by this Institute. The accountancy methods in this book are essentially identical with those in the one just described. Both use the double entry system, both seek for absolute costs, and both use similar nominal accounts, and employ similar adjustments in reaching results. The valuation problem, however, is handled differently by the two books. In the American work, market prices are utilized as far as possible in assigning values to the farm elements which enter into costs. In the English work, farm element values—the home grown feed used in a dairy, for example—must be synthesized or built up out of the costs incurred in their production; the use of market prices for valuing cost elements is distinctly condemned. The book is scholarly, interestingly arranged, and very suggestive.

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- ADAMS, H. C. *American railway accounting*. (New York: Holt. 1918. Pp. x, 465. \$3.)
- BEEBE, D. L. *Retail credits and collections*. (New York: Harper. 1918. \$1.50.)
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To be reviewed.
- LADD, W. J. *Ladd's condensed discount book; containing absolutely correct computations of commercial discounts selected from Ladd's discount book no. 3*. (New Haven, Conn.: Ladd's Discount Bk. 1917. Pp. 109. \$1.)
- LORD, F. W. *Ethics of contracting and the stabilizing of profits*. (Garden City: Country Life Press. 1918. Pp. x, 184.)  
Contains chapters on the relationships of the owner, contractor,

both general and sub-contractor, the architect, the supply house, the manufacturer, and the trade-union. The author favors the open-price plan as a "most practical and ethical method of stabilizing profits." Fair dealing and publicity are advocated in business negotiations.

MOORE, W. U. *The law of commercial paper*. (New York: Appleton. 1918. \$1.75.)

NAHSTOLL, G. A. and HUMPHREY, J. R. *A system of accounting for fruit shipping organizations*. Bull. 590. (Washington: Dept. Agri. 1918. Pp. 60. 10c.)

NORBERT-LAILLIÉ. *La guerre au commerce allemand*. (Paris: Tenin. 1918. Pp. 223. 3.50 fr.)

PARKHURST, F. A. *The science of management*. (Cleveland, O.: The Management Sales Bureau, 1491 East 114th St. 1918. Pp. 200. \$3.)

ROGERS, J. *Newspaper building, application of efficiency to editing, to mechanical production, to circulation and advertising, with cost finding methods, office forms and systems*. (New York: Harper. 1918. Pp. 312. \$5.)

SALIERS, E. A. *The principles of depreciation*. (New York: Ronald Press. 1918. \$2.50.)

*Better business letters conference. Proceedings, first annual convention, October 15-16, 1917, Worcester, Mass.* (Worcester: H. N. Rasely, Norton Co. 1918. Pp. 171. \$1.)

*Depreciation and obsolescence, as governed by federal income tax regulations*. (New York: Loomis, Suffern & Fernald. 1918. Pp. 24.)

*Management problems in retail shoe stores*. Bureau of Business Research, bull. no. 10. (Cambridge: Harvard Univ. Press. 1918. Pp. 51. 50c.)

*Managing a business in war time*. (Chicago: A. W. Shaw Co. Two vols. Pp. 198; 204. 1918.)

## Capital and Capitalistic Organization

### NEW BOOKS

CAHN, H. *Capital today. A study of recent economic development*. Second edition, revised and enlarged. (New York: Putnam. 1918. Pp. xii, 376. \$2.)

FLETCHER, W. M. *Cyclopedia of the law of private corporations*. Vol. 4. (Chicago: Callaghan. 1918. Pp. xxvii, 3363-4672.)

KALES, A. M. *Contracts and combinations in restraint of trade*. (Chicago: Callaghan. 1918. Pp. xiii, 169. \$1.75.)

NIMS, H. D. *Unfair competition and trade-marks*. Second edition, enlarged. (New York: Baker, Voorhis & Co. 1918.)

STEVENS, D. L. *A bibliography of municipal utility regulation and municipal ownership.* Harvard business studies, vol. IV. (Cambridge: Harvard Univ. Press. 1918. Pp. viii, 410. \$4.)

Both in the selection of material and the method of presentation the author has constantly had in mind the oft expressed desire of utility managers, lawyers, and commissioners for a comprehensive guide to the best literature in the field of regulation and municipal ownership. The utilities covered are water, electric, gas, and traction companies. The nature of the material included in the bibliography is indicated by the chapter headings (the number of pages devoted to each subject being shown in parentheses): General Works (19); History of Utilities and Regulation (105); Franchises (20); Public Service Commissions (49); Valuation (59); Rates (45); Taxation (8); Holding Companies (1); Municipal Ownership (70). The author has done his work well. His critical annotations and excellent index combine to make the book serviceable not only to business men, but to scholars and general readers as well.

ELIOT JONES.

WALKER, P. A. *Corporation commission laws of Oklahoma, 1917, being a compilation of laws relating to the corporation commission and its jurisdiction, public utilities, public service corporations, etc., including provisions of the constitution, revised laws, 1910; session laws 1910-11, 1913, 1915, 1916 and 1917, with annotations thereto.* (Oklahoma City: Corporation Commission of Oklahoma. 1918. Pp. xlv, 375.)

### Labor and Labor Organizations

*The Organizability of Labor.* By WILLIAM O. WEYFORTH, Johns Hopkins University Studies in Historical and Political Science, Series XXXV, No. 2. (Baltimore: Johns Hopkins University Press. 1917. Pp. 277. Paper, \$1.50; cloth, \$1.75.)

This monograph deals with the methods of increasing the membership of trade unions, the methods of retaining members in the union, and the conditions determining the ability of the unions to overcome the opposition of employers. Since the overcoming of the employer's opposition, through growth of membership or otherwise, is the primary purpose of most activities of labor organizations, many phases of the subject have been discussed incidentally by other writers on trade unionism. However, this is the first carefully organized presentation of the various aspects of the problem.

There is a chapter on the methods of increasing the membership of unions through paid organizers, the trade union label, the

closed shop, and the enthusiasm for unionism aroused by strikes. Another chapter deals with the equally important problem of retaining workmen in the union. A great many negative unionists, as the writer calls them, must be kept faithful by coercive measures, such as the closed shop, or by some special appeal, such as the establishment of sick, death, and other forms of insurance, the improvement of the conditions of employment, including the redress of personal grievances, to which function of labor organizations workmen attach much importance, and the securing of agreements from employers giving preference to unionists in hiring workers.

The larger portion of the book is devoted to the consideration of other factors than size of membership determining the ability of the unions to overcome the employer's resistance. The chapter on the effectiveness of the strike, the boycott and other methods of industrial warfare used by the unions, is a brief survey of a complicated topic and seems misplaced between the chapter on methods of gaining new members and the one on the retention of members in the union. The strength of the union is determined to a large degree by the efficiency of management and centralization of power in the national union; and efficiency of management depends in turn, to a great degree, on the character of the workers. The characteristics of the workers necessary for successful organization, while not defined with absolute clearness, seem to be: first, intelligence, revealing itself in the ability for honest and efficient management and in the foresight to make present financial and other sacrifices for future gain; second, permanency in the occupation, which furnishes the motive to provide for the future; and, finally, social congeniality of the workers. The unskilled, who lack the intelligence of the skilled workers, shift frequently from one industry to another, and are hampered by the difficulty of uniting diverse races and nationalities, have been much less successful than the skilled in maintaining efficient organizations.

Two interesting chapters are one on the effect of the small business and another on the effect of the trust upon the success of trade unionism. In trades like that of the barbers, the one-man shop endangers the maintenance of union wages and hours in the larger establishments. Yet the operators of one-man shops are interested in prices rather than wages and are therefore reluctant to join the union. On the other hand, the trust constitutes a danger to the future success of unions that in the opinion

of the author can be overcome only by the force of public sentiment.

In the discussion of the effect of general business conditions on unionism, the author's figures and graph show that the membership of unions increases in good times and decreases in bad ones, but after a careful study he is able to find only a slight connection between industrial prosperity and the success of strikes.

THEODORE W. GLOCKER.

*University of Tennessee.*

#### NEW BOOKS

ANDREWS, I. O. and HOBBS, M. A. *Economic effects of the war upon women and children in Great Britain*. Carnegie Endowment for International Peace. Preliminary economic studies of the war. (New York: Oxford Univ. Press. 1918. Pp. vi, 190. \$1.)

BEAUCHESNE, G. *Manuel pratique des lois sociales et ouvrières*. (Paris: Société de Saint-Vincent-de-Paul. 1918. Pp. 336. 4.20 fr.)

BORREL, A. *La lutte contre le chômage avant pendant et après la guerre*. (Paris: Dunot & Pinat. 1917. Pp. 328. 7.50 fr.)

EASLEY, R. M. *After-the-war problems*. (New York: National Civic Federation. 1918. Pp. 21.)

FINN, J. J. *Operative ownership*. (Chicago: Langdon and Company. 1916. Pp. 301. \$1.50.)

The plan of operative ownership contemplates the gradual shifting of capital from non-working to working owners without impairing the sanctity of the right of private property. The author begins by formulating a strong indictment of the present system of "wage capitalism" and then examines briefly and rejects proposed remedies, particularly socialism and the usual forms of coöperation. Operative ownership would differ from coöperative plans chiefly in that it would be carried out simultaneously in all industries by governmental authority exercised under the right of eminent domain, and if need be by the extension of government credit to workmen's associations. In the first stage capitalists in each industry would be required to share with the workers a portion of the profits out of which a fund would be created for the gradual purchase of stock thus eliminating the non-working owners, until in the final stage industries are all owned and controlled by their operatives. At no stage in the process is the right of private property to be disturbed. The non-working capitalists are to receive full value, but it is not stated what such capitalists will be permitted to do with the proceeds of the sale. The author opposes every actual or proposed interference with property rights. Progressive taxation in general, all income and inheritance taxes, government ownership and even government regulation are all vigorously condemned, while the exten-



sion of the police power for the control of private property is considered particularly vicious.

G. L. ARNER.

HANNA, H. S. and LAUCK, W. J. *Wages and the war. A summary of recent wage movements.* (Cleveland, O.: Doyle & Waltz Prtg. Co. 1918. Pp. 356.)

HOAGLAND, H. E. *Wage bargaining on the vessels of the Great Lakes.* (Urbana: Univ. Illinois. 1917. Pp. 123. \$1.50.)

This study deals with the beginnings and development of trade union organization, the growing concentration of ownership and operation of lake boats, the extent of the use of the trade agreement between organizations of employers and employees, the formulation and carrying out of a definite policy of the employers to disrupt the unions, and the resulting relationships between the owners and employers under the open shop. These factors are correlated with the changes in the nature and volume of traffic, the size, construction, and motive power of the boats, the conditions of life and labor for the workers, the lack of coöperation among the unions, the playing off by the employers of the selfish interests of one union organization against another, and the superior position in which large capitalistic organizations find themselves in dealing with labor. In short, the study gives something of an epitome of the trend of developments in many industries in the relationships of capital and labor.

Sufficient evidence is offered to demonstrate that the laborer under the individual contract is entirely at the mercy of the employer in obtaining increased compensation unless the scarcity of the supply of labor and an increasing volume of traffic force concessions in this respect. Here again we have another illustration of the use of a "welfare plan" as an accompaniment of a refusal to recognize unions and grant them representation in collective bargaining. The "continuous record discharge books" used in connection with this "plan" proved to be an effective blacklist. When used in conjunction with "spy systems" to keep the owners informed regarding the persons among the workers who are seeking to rehabilitate the unions, the employers are in a particularly strategic position to maintain their dominance. In fact, the discharge books have been so conducive to discontent among the workers as to meet with the censure of the shipping board which has sought to avert trouble on the Great Lakes. It is to be replaced by a "discharge certificate system, operated under government supervision, which will guard against incompetency." When nations are under the necessity of mobilizing their labor force in the most effective way we find them resorting to new delimitations of the sphere of government in establishing equity between conflicting interests. The weaker party must be protected in the interest of the larger welfare.

This study will undoubtedly take its place among others which demonstrate the inevitable outworking of causation. If the will and

practice of one set of men can carry on active adaptation of causation in their own special interest, the policy and procedure of society can establish a more favorable and equitable régime for all parties concerned. The essay is fair and nonpartisan in its statement of fact and impresses the reader with the necessity of thinking constructively in regard to future developments of the relationships between capital and labor.

ARTHUR E. SUFFERN.

ROWAN, T. W. *The premium bonus system. A scheme for stimulating and increasing the productive capacity of industrial resources.* (Glasgow: McCorquodale & Co. 1917. Pp. 99.)

*Agreements between employers and workpeople with regard to the substitution of female for male labor in industries other than the manufacture of munitions reported to the Ministry of Labour up to May 1, 1917.* (London: Wyman. 1918. Pp. 48.)

*Federation of Non-commercial Employment Agencies of New York City; first annual report of the bureau of information.* (New York: The Federation, 37 East 28th St. 1918. Pp. 4.)

*How to meet hard times. A program for the prevention and relief of abnormal unemployment.* (New York: Mayor's Committee on Unemployment. 1917. Pp. 131. 25c.)

*Joint Standing Industrial Councils; first and second reports.* (London: Wyman. 1918. 2d.)

*Labour and the new social order. A report on reconstruction.* (London: The Labour Party, 1 Victoria St., S. W. 1918. Pp. 22. 1d.)

*The Labour Party; seventeenth annual conference.* (London: The Labour Party, 1 Victoria St., S. W. 1918. Pp. 88.)

*Officers' reports and proceedings of the twenty-fifth session of the International Molders' Union of North America held in Rochester, N. Y., September 10-28, 1917.* (Cincinnati, O.: International Molders' Journal. 1918. Pp. 312.)

*Proceedings of the twenty-first convention of the International Union of United Brewery and Soft Drink Workers of America, held at Houston, Texas, Dec. 3-13, 1917.* (Cincinnati: The Union. 1918. Pp. 292.)

*Proceedings of the second industrial safety congress of New York state.* (Albany: Industrial Commission of New York State. 1918. Pp. 292.)

*Report of proceedings of the ninth general convention of the Amalgamated Meat Cutters and Butcher Workmen of North America, Fort Wayne, Indiana, July 24-30, 1917.* (Syracuse, N. Y.: Amalgamated Meat Cutters, etc. 1918. Pp. 146.)

*Strikes in American industry in wartime, April 6 to October 6, 1917.*  
(Boston: National Industrial Conference Board, 15 Beacon St.  
1918. Pp. 20.)

### Money, Prices, Credit, and Banking

*A Fraudulent Standard. An Exposure of the Fraudulent Character of our Monetary Standard with Suggestions for the Establishment of an Invariable Unit of Value.* By Arthur Kitson. (London: P. S. King and Son. 1917. Pp. xv, 233.)

There are two essential propositions in this book. First, that gold as a standard is an out and out fraud which brings a long train of industrial and social evils. By virtue of its scarcity its value can be manipulated by money changers, financial interests, cosmopolitan bankers, and the like, whose interests are chiefly those of making dividends. By increasing or decreasing the volume of money and credit which, under the gold standard, depends on the possession of gold, they are able to control the industrial destinies of the world. The gold standard—in England made possible by the Bank Charter act and the Legal Tender acts—leads to a money trust, and exploitative monopoly, which is exceedingly dangerous to the well-being of the country. Second, that an ideal standard, that is a standard not dependent upon any single commodity or element of wealth, is entirely feasible. A standard based on all sources of wealth is not only theoretically sound but is practically possible, and is simple in its application. The basis of the standard is the pound which, unlike Peel's pound, does not represent a certain weight of gold but a certain fraction of the total wealth of the country at a given instant of time. Such a standard once determined would, like the standard yard or standard gallon, be invariable. All exchange values, which are nothing more than quantities and obtained by counting, would then be reducible to this common denominator. As for circulation, it would, just as at present, consist of various tokens—bank notes, checks, bills, coins—and would be regulated purely by the legitimate demand for such tokens or counters. National credit would take the place of individual credit, the whole banking system would be nationalized and notes would be issued up to a fair percentage, allowance being made for value fluctuations, of the wealth presented as security.

Mr. Kitson believes the whole gold theory is based on entirely

erroneous and traditionary premises. He also believes that the wealth standard is both theoretically sound and easy to introduce, and that such a standard would yield substantial industrial freedom and justice.

In writing the book the prime consideration of the author is to bring the intricate features of money and credit within the grasp of the average man. Many of his conclusions run counter to the long accepted economic and financial axioms, but that is no final reason for doubting the validity of them. The author is frank and courageous in presenting his criticisms of the gold standard. In places he is undoubtedly overzealous and rides his hobby pretty hard, but nevertheless his book ought to command the thoughtful and respectful attention of those who are sincerely interested in promoting the greater good.

EVERETT W. GOODHUE.

Colgate University.

#### NEW BOOKS

AGGER, E. E. *Organized banking*. (New York: Holt. 1918. Pp. ix, 385. \$3.)

To be reviewed.

BIRKS, H. W. *The joint-stock and private banks of London*. (London: Effingham Wilson. 1918. 1s. 6d.)

FISHER, I. *Recherches mathématiques sur la théorie de la valeur et des prix*. Translated by J. MORET. (Paris: Giard & Brière. 1917. Pp. 205. 5 fr.)

M. Moret has paved the way for a deservedly wider usefulness of Professor Fisher's first important work in the field of economics. The translation gives faithfully the development and exposition of a theory of price based on the utility analysis, in which free use is made of the calculus. By resort to both mechanical analogues and elaborate diagrams a clear picture is given of the interdependence of the various elements in the causation of prices under both static and dynamic conditions. The volume is more than a mere critique of what had been written before and may be regarded as one of the culminating points in the development of mathematico-economic literature. It is an encouraging tribute to the carefulness and thoroughness of the original study that the work, which was published as a doctoral thesis in economic theory, should, after the lapse of twenty-five years, be considered worthy of translation into another tongue.

C. A. P.

HERBAULT, C. *Les banques d'émission et la guerre.* (Paris: Editions & Librairie. 1918. 1.50 fr.)

KERR, A. W. *History of banking in Scotland.* Fourth edition. (London: A. & C. Black. 1918. 10s. 6d.)

KNIFFIN, W. H., JR. *Commercial paper. Acceptances and the analysis of credit statements.* (New York: Bankers Pub. Co. 1918. Pp. 159. \$2.50.)

Written by the author of *The Practical Work of a Bank* to give more intensive treatment of the subject of commercial paper. Special emphasis is placed upon the analysis of credit statements. Thirty-five statements are analyzed in detail. One chapter is devoted to bank and trade acceptances.

RAFFALOVICH, A. *L'inflation des signes monétaires et du crédit causes, dangers, remèdes.* (Paris: Alcan. 1918. 2.50 fr.)

SYKES, E. *Banking and currency.* (London: Butterworth. 1918. Pp. 314. 5s.)

*Acceptances; their purpose and advantages.* (New York: Mechanics & Metals National Bank. 1918. Pp. 49.)

*Assemblée générale des actionnaires de la Banque de France du 31 janvier 1918.* (Paris: Paul Dupont. 1918. Pp. 90.)

*The centenary of the Bank of Montreal, 1817-1917.* (Montreal, Canada: Head Office of the Bank of Montreal. 1917. Pp. 107.)

Carefully prepared annalistic account of the oldest bank in British North America, illustrated by many portraits of officers, views of buildings and offices, and notes issued.

*Concerning bank-note "circulation" accounts and the profit to national banks.* (Chicago: C. F. Childs & Co. 1918. Pp. 9.)

*First annual report of the Scottish War Savings Committee.* (London: Wyman. 1918. 2d.)

*Fourth annual report of the Federal Reserve Board, covering operations for the year 1917.* (Washington: Supt. Docs. 1918. Pp. 621.)

*Kleinhandelsprijsen van Levensbehoefsten te Amsterdam sedert 1913 benevens Indexcijfers dier Prijsen.* (Amsterdam: J. Müller. 1917.)

### Public Finance, Taxation, and Tariff

*Separation of State and Local Revenues in the United States.*

By MABEL NEWCOMER, Columbia University Studies in History, Economics and Public Law, Vol. LXXVI, No. 2, Whole No. 180. (New York: Longmans, Green and Company. 1917. Pp. 195. \$1.75.)

Dr. Newcomer's volume contains a historical study of the revenue systems of Delaware, Pennsylvania, New York, Connecticut,

New Jersey, Vermont, West Virginia, and California, undertaken with a view to tracing the tendency toward the separation of state and local revenues, which has been one of the characteristic features of our recent financial history, and to analyzing the effect which this tendency has had on the growth of public expenditure and the administration of our tax system as a whole. The study of the individual states chosen for the purpose is preceded by a chapter devoted to the meaning and theory of separation and to the arguments which have been employed for and against it, and is followed by brief chapters dealing with the tendency to separation in the country as a whole, and a statement of conclusions.

Dr. Newcomer brings out clearly that as a matter of historical fact, with the exception of California, considerations of the theory of taxation have played a minor rôle in the separation movement. Aside from the exception mentioned, the movement has had in the main a haphazard development due to piecemeal legislation intended to provide for particular needs as they arose. The dominant influence has been the weakness of the general property tax, its inability to bear the burden of increasing local and state expenditures, the consequent effort to reach the forms of property which most easily escaped the general property tax, and to provide additional revenues for the states. The movement has been most marked, therefore, in those states in which wealth and public expenditure have grown most rapidly, and property has taken on more and more the intangible form. To the extent that it has reached intangibles through the taxation of corporations and has developed new sources of taxation, such as the inheritance tax, separation has diminished the burden on real estate and has provided additional revenues for the states, but in the forms which it has as yet taken it has left the state with an inelastic revenue system, which in three instances, New York, Connecticut, and Vermont, has compelled a return to the general property tax for state purposes, after separation had been once attained, and is apt to do so in other cases unless the increase of state expenditures is checked or some new source of state revenue, such as the income tax, is developed.

There seems to be no clear evidence of the indirect effects of separation (encouragement of home rule in taxation, improvement, or the reverse, in the administration of the general property tax, undue curtailment of the sources of local revenues, the encouragement of wasteful and extravagant expenditures), claimed



by its advocates or feared by its opponents. Changes in these matters apparently depend on influences other than separation.

In so far as separation means the development of sources of state revenue other than additions to local taxes, it will doubtless continue to grow, but, while it clears away some difficulties in reaching a satisfactory solution of our tax problems, it cannot in itself afford a solution of the problem, nor is it by any means certain to be, in a complete form, a feature of such a solution.

While, in her introductory chapter, Dr. Newcomer shows a clear understanding of the different interpretations given to the term "separation," and the confusion that is apt to arise, she seems occasionally to lack clearness in her own interpretation. A system under which the local bodies derive their revenues from subventions from the state treasury violates the principle of separation as truly as a system under which the state derives its revenues from additions to local taxes. It cannot properly be said, therefore, that there was complete separation in Pennsylvania after 1885 (p. 44), since the state returned to the localities a considerable portion of the revenue which it collected from the tax on intangibles; or that there is complete separation in England except for the portion of the probate duties assigned by the national government to the localities (p. 24), since there are other large grants to local governments. These governments in fact derive about one sixth of the revenue from the national treasury. Nor, in view of the large part played by additions to the state income tax in local finance, can separation be said to be anything like complete in Prussia (p. 25).

The discussion of the general tendency to separation is based on a comparison of state receipts from sources other than the property tax as reported by the census in 1903 and 1913. This is not a satisfactory basis. Michigan, for example, between these years changed its method of taxing railroads from a gross receipts to an assessed value of property basis. The census, therefore, includes receipts from this source with the property tax in the later year, but taxation of railroads was a distinct and separate source of state revenue in both periods. Separation implies merely that the state reserves for itself taxes not used by local authorities, not necessarily that the state employs a method of assessment different from that of local bodies.

In the case of some states the revenues from the different taxes

are stated, in others not. It would have been desirable to make such statements for all the states.

The volume forms a welcome addition to the growing list of studies of state and local taxation.

HENRY B. GARDNER,

*Brown University.*

#### NEW BOOKS

- ALLIN, C. D. *A history of the tariff relations of the Australian colonies.* The University of Minnesota studies in the social sciences, no. 7. (Minneapolis: Bulletin of the University of Minnesota. 1918. Pp. 177. 75c.)
- BENNETT, J. E. *The call system versus the single tax.* (San Francisco: Menlo Pub. Co. 1918. Pp. 85. 50c.)
- BLACK, H. C. *A treatise on federal taxes, including those imposed by the war tax act of Congress of 1917, the income tax law as amended, and other United States internal revenue acts now in force, with commentaries and explanations, references to the rulings and regulations of the Treasury Department and pertinent decisions of the courts.* (Kansas City, Mo.: Vernon Law Bk. Co. 1917. Pp. xxxi, 566.)
- BOGART, E. L. *Direct costs of the present war.* Preliminary studies of the war, no. 5, Carnegie Endowment for International Peace. (New York: Oxford Univ. Press. 1918. Pp. viii, 43.)
- COMBAT, F. J. *Les impôts cédulaires et l'impôt global sur les revenus.* (Paris: Berger-Levrault. 1918.)
- CONLIN, J. A., and others. *Income and federal tax reports.* 1918: edition. (New York: Prentice-Hall. 1918. Pp. 704. \$3.)
- DEWEY, D. R. *Financial history of the United States.* Sixth edition. (New York: Longmans, Green. 1918. Pp. xxxvii, 550. \$2.50.)
- HARRISTOY, J. *Finances d'après-guerre et conscription des fortunes.* (Paris: Alcan. 1918. 6 fr.)
- HEPBURN, A. B. *Financing the war.* (Princeton, N. J.: Princeton Univ. Press. 1918. Pp. 32. 50c.)
- LAUGHLIN, J. L. *Credit of the nations. A study of the European war.* (New York: Scribner. 1918. Pp. xii, 406. \$3.50.)  
To be reviewed.
- LUTZ, H. L. *The state tax commission. A study of the development and results of property for taxation.* (Cambridge: Harvard Univ. Press. 1918. Pp. viii, 673. \$2.75.)  
To be reviewed.
- MARIN, L. *Rapport général sur le budget ordinaire des services civils de l'exercice 1918.* (Paris: Chambre des Députés. 1918. Pp. 872.)

MASCAREL, A. *Les familles terriennes et l'impôt progressif sur les successions*. (Paris: Société d'Economie Sociale. 1918.)

MILLER, J. D., editor. *Single tax year book (quinquennial). The history, principles and application of the single tax philosophy*. (New York: Single Tax Review Pub. Co. 1917. Pp. xviii, 466. \$2.50.)

Contains contributions on the single tax movement in Colorado, Delaware, Missouri, Oregon, Rhode Island, California, and also includes a survey of foreign experience. One of the longest chapters is on Great Britain, by A. W. Madsen, an article of more than 25 pages. There is also an extended paper on the Forerunners of Henry George, by Samuel Milliken and one on Land Legislation in the United States, by Marion Mills Miller. The bibliography, by Arthur Nichols Young, makes some dozen pages.

MÔYE, M. *Précis élémentaire de législation financière*. (Paris: Tenin. 1917. Pp. xii, 432.)

NORTH, F. A. *Taxes and returns under United States and Massachusetts laws*. (Boston: Johnson & North. 1918. Pp. 250.)

RHULLIER, J. *Guide du contribuable. Manuel complet d'impôts directs, impôts sur le revenu, bénéfices de guerre, taxes diverses*. (Paris: Girard & Brière. 1918. 3 fr.)

SAUVAGE, F. *Les impôts sur les revenus et les moyens de contrôle du fisc*. (Paris: Tenin. 1918. Pp. 331. 7 fr.)

SPEEK, P. A. *The singletax and the labor movement*. Bulletin of the University of Wisconsin, no. 878. (Madison: Univ. Wis. 1918. Pp. 180. 25c.)

WILLOUGHBY, W. F. *The problem of a national debt*. (New York: Appleton. \$2.75.)

WITHERS, H. *The business of finance*. (New York: Dutton. 1918. Pp. viii, 204. \$1.50.)

WILLIAMS, W. H. *Financing modern warfare*. (Washington: Assoc. of American Railway Accounting Officers, 1116 Woodward Bldg. 1918. Pp. 26.)

ZANGERLE, J. A. *Untaxed wealth of Cleveland and why. An exposition of the difficulties of administering the general property tax laws of Ohio in Cuyahoga County*. (Cleveland: J. A. Zangerle, county auditor. 1918. Pp. 71.)

The purpose of this pamphlet is to instruct the assessors of Cuyahoga County in the difficulties of administering the general property tax laws of the state. The author comments upon the special problems involved in the assessment of the principal forms of property which the assessors of Cuyahoga County will be called upon to discover and list for taxation, with particular attention to intangibles and corporate property. The facts as to the number of taxpayers and the amount of property of each class in recent years are given,

with some suggestions of the great amount of property that, in most of the instances cited, is escaping taxation. The evidence here adduced merely strengthens the conclusions already familiar to all students of the subject, as to the ineffectiveness of the general property tax in Ohio.

As a constructive program Mr. Zangerle offers a number of suggestions that would be valid under the present constitutional provisions and also various proposals based upon proper amendments. Among the former are the exemption of \$500 of personal property (now authorized by the constitution), control of the issue of automobile licenses and of building permits by the county assessor, the adoption of the calendar year as the tax year for corporations, the statement of the true consideration in deeds, and a corporate excess tax. As more fundamental reforms he suggests both classification of property and a graded income tax, with an extension of the household exemption to \$1,000. He shows evidences of the doctrine of home rule or local option in taxation, a doctrine which is still extensively held in Cleveland notwithstanding the general decline in its popularity during the last decade.

H. L. LUTZ.

*The federal income tax law.* (New York: Guaranty Trust Co. 1918. Pp. 140.)

*National expenditure. Special report and reports of select committee with proceedings, session 1917.* (London: Wyman. 1918. 9d.)

*The New York City budget.* Municipal Research, no. 88. (New York: Bureau of Municipal Research. 1917. Pp. xiii, 154. \$1.)

*The New York State legislative budget for 1917.* Municipal Research, no. 86. (New York: Bureau of Municipal Research. 1918. Pp. x, 140.)

*Proceedings of the eleventh annual conference of the National Tax Association, held at Atlanta, Nov. 13-16, 1917.* (New Haven, Conn.: National Tax Assoc. 1918. Pp. 431.)

*Proceedings of the seventh state conference on taxation held at Bay City, Michigan, February 27-28, 1918.* (Detroit, Mich.: George Lord, secretary. 1918. Pp. 91.)

*Standard manual of the income tax, 1918.* (New York: Standard Statistics Co. 1918. Pp. 596.)

*Status of bonds under the federal income tax.* 1918 edition. (New York: Standard Statistics Co. 1918. Pp. 197. \$3.)

*War excess profits tax law imposed by the war revenue act.* (New York: Guaranty Trust Co. 1918. Pp. 94.)

*Les instruments modernes de la politique étrangère. Les emprunts d'état.* (Paris: Roustan. 1918. Three volumes. 48 fr.)

## Population and Migration

## NEW BOOKS

- CALLON, G. *L'effondrement de la natalité française*. (Paris: Beauchesne. 1918.)
- EPSTEIN, A. *The negro migrant in Pittsburgh; a study in social economics*. (Pittsburgh, Pa.: The author, 1835 Center Ave. 1918. Pp. 74. 50c.)
- GREEN, C. E. *The cancer problem*. (London: W. Green & Son. 1917. Pp. viii, 140. 21s.)
- THOMAS, W. I. and ZNANIECKI, F. *The Polish peasant in Europe and America. Monograph of an immigrant group*. Vols. I and II. *Primary group organization*. (Chicago: Univ. Chicago Press. 1918. Pp. xi, 526; vi, 588. \$5.50.)
- WARREN, B. S. and SYDENSTRICKER, E. *Morbidity statistics of war industries needed*. Reprint no. 452 from public health reports. (Washington: Supt. Docs. 1918. Pp. 127-132.)

## Social Problems and Reforms

## NEW BOOKS

- BREWER, J. M. *The vocational guidance movement. Its problems and possibilities*. (New York: Macmillan. 1918. Pp. xi, 333. \$1.25.)
- FERRIS, H. J. *Organizing girls*. (New York: Dutton. 1918.)
- GREENBERG, D. and JOEL, I. D. *Health survey of Middletown, Connecticut*. (New Haven: Dept. of Public Health, Yale School of Medicine. 1918. Pp. 73.)
- HARRISON, S. M. *What is being done to promote the principles of universal brotherhood in communities*. (New York: Department of Surveys and Exhibits, Russell Sage Foundation. 1918. Pp. 13. 10c.)
- HUTTON, J. E. *Welfare and housing. A practical record of war time management*. (New York: Longmans. 1918. Pp. viii, 192. \$1.50.)
- This book will be of aid to those who are interested in problems of employment management and industrial welfare. It is prepared by the manager of the Labour and Catering Department of Vickers Limited, an English company employing over 100,000 persons. The author has also been a member of the Food Investigation Committee of the English Ministry of Munitions. In addition to the subject of housing there are chapters on catering, canteens, food values, motor transit, hospitals and medical services, and amusements. Information is specific, illustrated by tables and forms.
- WEBB, B. *Health of working girls. A handbook for welfare supervisors and others*. (London: Blackie. 1917. Pp. 103.)
- WOODRUFF, C. R., editor. *A new municipal program*. National Municipal League series. (New York: Appleton. 1918. \$2.)

*New towns after the war. An argument for garden cities.* (London: Dent. 1918. 1s.)

*Provision and arrangement of houses for the working classes. Memorandum for the use of local authorities.* (London: King. 1918. 6d.)

*Report on the physical welfare of mothers and children.* Vol. 3, Scotland. (East Port, Dunfermline: Carnegie United Kingdom Trust. 1917. Pp. 632.)

*Social control. Papers and proceedings of the American Sociological Society.* (Chicago: Univ. Chicago. 1918. Pp. 269. \$1.50.)

*Vocational recreation in Indiana, 1916.* Bulletin of the Extension Division, Indiana University, vol. III, no. 5. (Bloomington, Ind.: Indiana Univ. 1918. Pp. 126.)

### Insurance and Pensions

*Effect of Workmen's Compensation Laws in Diminishing the Necessity of Industrial Employment of Women and Children.* By MARY K. CONYNGTON. Bulletin of the United States Bureau of Labor Statistics, Whole No. 217. (Washington: Superintendent of Documents. 1918. Pp. 170.)

The scope of this report is not quite as broad as the title literally would imply. Perhaps nobody would construe the title with close literalness. Be that as it may: the employment of women and children reported upon is that which is made necessary by industrial accidents killing or totally and permanently disabling the normal bread-winner of the family. In some directions, too, the scope of the report is broader than the title implies; for it includes valuable statements and data as to the causes and the varied domestic consequences of the injuries studied.

For a period of about a year prior to September 1, 1915, data are drawn from the compensation states of Connecticut and Ohio and from two selected areas in Pennsylvania, this state then having no compensation statute. In the three states are found records of 862 fatal injuries and 15 total and permanent disabilities. But, for the inevitable reasons, the cases which it was practicable to study and report were only 487. These were examined individually, as to conditions before and after their injuries.

Here is a painstaking and valuable study of an important industrial and social topic. To be sure, there is little made known that is substantially new, little that had not been generally understood before, ever since the commissions of investigation which preceded the enactment of compensation statutes in the several states.



But there is presented a later and rather more reliable basis for the familiar generalizations as to the frequency of industrial accidents and as to their most unhappy consequences in the family and in society. And there is shown a record of actual American experience to prove that beneficence of the compensation system which propagandists were wont to anticipate and predict.

The conclusions of the report are written in a spirit, or tone, of something like rejoicing. And probably, on the whole, that is as it should be. In many cases the modest amounts of the compensation awards have been the means of comparatively happy readjustments in the lives of families smitten with what might have been complete disaster. Especially happy have been the readjustments made possible by the full or partial commutation of periodic payments into lump sums, for the payment of debts or the purchase of little properties. No single statement of the report is more striking and significant than that on page 107, showing the average amounts paid to the families of married decedents, as compensation or settlement, in Connecticut, Ohio, and Pennsylvania: Connecticut, \$2,269; Ohio, \$3,098; Pennsylvania, \$261.

But the thoughtful reader will recognize the absolute inadequacy of the compensation awards. Relatively to what could be had under the old liability laws, they mean a great gain. "My God! What would I do without it?" cried one widowed mother of four small children, of her \$5.75 a week. But, even while the payments are running, some children have to end their schooling, some mothers have to neglect their children and go out to work, some families are quite broken up, more families have to move to cheaper quarters. And after the payments cease, what then? And the records show that for one reason or another, chiefly lack of adequate guaranties, no compensation at all is had in some cases, even when the state has taken away the poor privilege of suing for damages.

Let nobody, then, fancy that the social problem of industrial accidents has been solved completely by the mere enactment of compensation statutes. Let nobody fancy that the injured and their dependents are compensated, even for their direct pecuniary losses.

An extended appendix to the report proper (pp. 110-175) contains valuable brief statements as to the causes and consequences of the hundreds of injuries studied.

WILLARD C. FISHER.

*New York University.*

*Report of the Work of the Augmented Standing Committee on Workmen's Compensation Insurance Rates—1917.* (New York: National Workmen's Compensation Service Bureau. 1918. Pp. vii, 173.)

This booklet presents the latest generally accessible account of what experts have done toward solving the intricate problems of premium rates for workmen's compensation insurance. And it has high value for those who wish to know just how the rates are established. In a general way, everybody understands that the risks covered by workmen's compensation insurance are less definitely known, even less definite in themselves, than the risks covered by any other form of insurance. But most lay readers of this booklet will be surprised to find how many indeterminate, elusive, and variable elements must be taken into the reckoning in the establishment of adequate and just compensation insurance premiums.

The Augmented Standing Committee is the body which, more than any other, carries the burden of making the rates. It originated in the action of several large private corporations. But to it have adhered some of the most important public offices which have to do with the establishment and approval of rates; and it has had such measure of official and public recognition that now it must be looked upon as the chief authority in its field.

Only the comparatively brief part II (pp. 61-97) of the booklet is properly a report of the work of the committee. Part I (pp. 3-57) is introductory, presenting a simple and readable account of the theory and history of compensation insurance rate making; and part III (pp. 101-173) is made up of appendices, statistical, documentary, and variously technical, including several of the closely reasoned discussions of the conference of 1917.

In one broad way of speaking it may be said that the task of American rate makers has been to establish insurance rates in advance of insurance experience. Such clearly was the case six years ago, when compensation and compensation insurance both began in this country; for foreign experience was not fully reliable for us. And the situation has not changed fundamentally. At the best, American experience must accumulate slowly, especially as somewhat individualized rates are demanded for even the smallest classifications, or industries. And our laws are constantly changing, becoming more liberal, both in their formal terms and in their practical administration.

Accordingly the establishment of rates must be accomplished, even now, rather more by the exercise of the somewhat arbitrary judgment of the actuaries and other experts than by taking data for a narrow range of experience at their face value. Both in part II and in certain sections of part III appears the natural conflict of tendency between those who would rely more and more upon the data of experience and those who would more freely exercise their judgments. But generally there is a fair disposition to make reasonable use of the teachings of experience, as also to establish reasonable rates. Six years ago private insurers would fain look upon compensation insurance as a rich new field for their own exploitation. But the assertion of public control over rates and the establishment of a vigorous competition in state funds and in mutual associations have brought them to a better mind. Of this fact this report is striking evidence.

WILLARD C. FISHER.

#### NEW BOOKS

- COLLIE, J. *Malingering and feigned sickness, with notes on workmen's compensation act, 1906, and compensation for injury, including the leading cases thereon.* Second edition, enlarged. (London: Arnold. 1917. Pp. 664.)
- INSOLERA, F. *L'assicurazione obbligatoria contro la invalidità e la vecchiaia degli operai. Una previsione dell'onere finanziario.* (Rome: L. Cocchini. 1917. Pp. 138.)
- LUCE, E. B. *War risk insurance law; information graphically set forth for soldiers and sailors and dependent families.* (Salem, Mass.: E. B. Luce. 1918.)
- NOUVION, G. DE. *Le monopole des assurances.* (Paris: Alcan. 1918. 1 fr.)
- The American Underwriter's pocket chart of all the principal stock fire insurance companies (domestic and foreign) operating in the year ending December 31, 1917.* Ninth annual issue. (New York: American Underwriter. 1918. 25c.)
- History and proceedings of the world's insurance congress, San Francisco, Cal., 1915, under the auspices of the Panama-Pacific international exposition; with a review of preliminary events from 1900 to 1915.* (New York: Central Committee of the National Insurance Council. 1917. Pp. xviii, 599. \$5.)
- Negligence compensation cases annotated.* Vol. 14. (Chicago: Callaghan. 1918.)
- Report of the administration of national health insurance, 1914-1917.* (London: Wyman. 1918. Pp. xvii, 345. 1s. 6d.)

*Report on the pension funds of the city of New York. Part III. A proposed plan to cover all entrants into the municipal service with provision for optional participation by present employees of the city of New York.* (New York: Commission on Pensions. 1918. Pp. 42.)

*The statutes, regulations, and orders relating to national health insurance, with notes, cross references, and an index.* (London: National Health Insurance Joint Committee. 1918. Pp. 679. 2s. 6d.)

*Camara de diputados de la Nacion. Proyecto de Código de Seguro Nacional con Exposicion de Motivos y Proyecto de Ley Basica.* (Buenos Aires. 1917. Pp. 539.)

### Pauperism, Charities, and Relief Measures

#### NEW BOOKS

BOGEN, B. D. *Jewish philanthropy.* (New York: Macmillan. 1918.)

WATSON, F. D., editor. *Social work with families.* Annals of the American Academy of Political and Social Science, vol. LXXVII, May, 1918. (Philadelphia: The Academy. 1918. Pp. ix, 198.)

WEBB, MRS. S. *The abolition of the poor law.* (London: The Fabian Society. 1918. Pp. 11.)

### Socialism and Co-operative Enterprises

*Les Sociétés Coopératives de Consommation.* By CHARLES GIDE. (Paris: Larose et Forcel. 1917. Pp. xix, 354.)

It is now almost a full generation since Professor Gide first showed that interest in coöperation which has never flagged. This last study (17 chapters of 354 pages) is easily his most valuable contribution to the movement, because the reactions of the war have given him a still more resolute faith in a future where "*la coopération serait intégralment réalisée.*" The first edition on which this far more adequate work is based was written fourteen years ago. In 1910, after syndicalism had risen, another edition appeared, when the outlook for consumers' societies was disheartening. From the first, profit sharers, producers, and credit associations had the field. The favors of the state and the municipalities were all for these more capitalistic organizations. All the noise in parliament and at banquets was over these, while for the consumers—"un grand silence se fait."

In the present volume the author can rejoice at this, because the free and voluntary character of the more democratic movement now appears and more especially because the years of bitter polemics over the relations of socialism to coöperation have given

way to dispassionate discussion. To the Marxian, coöperation was ridiculed as "bourgeois masquerading" or as "a petty palliative." Even when Belgian socialists had dotted the country with *coopératives* entirely in the interests of the party, French socialists were hostile.

Jules Guesde said, "We socialists will not sell ourselves *pour un plat de lentilles*." This opposition of socialist orthodoxy was long justified and did besides a genuine service. Especially in France and for that part of the English movement led by the apostles of "labor copartnership," coöperation was capitalistic and was meant to be so. Socialist criticism helped to clear discussion on this most fundamental of issues. It is in the later chapters dealing with these distinctions that M. Gide does conspicuous service. Nowhere more than in the United States has the coöperative propaganda suffered from confusing profit sharing, "copartnership," "agricultural," "productive," and credit societies with *consumers* coöperation. The syndicalists claim that the combined unions in any industry should own and direct the work of production. This has brought out the antagonism between labor as producer and labor as consumer. Such slipshod phrases as "but we are all consumers" (meant to imply that the entire working class has only common interests) should no longer deceive any one really concerned with the facts.

But it is within the coöperative movement itself that we have the most enlightening education on "labor interests." A coöperative business—like the English for example—employs many thousands of men and women precisely as a private employer hires them. These workingmen coöperators have then to deal on a great scale with every phase of the "labor question." They have to face trade unions, strikes, and all sorts of demands known to any private business. The long internal struggle has had educational results as valuable for labor as for society in general. It has forced clearer and closer definition of terms. It has compelled a great multitude of labor men in Europe to decide for themselves whether profit sharing is wise and desirable in one of their own factories; whether the minimum wage and eight hours are generally possible; whether it is desirable or not to do away with competition; whether interest on loans is after all (as socialist theory teaches) a form of theft. These workfolk never would have taken lessons from the outside on these points. Long and repeated experience of their own has done and is doing a disciplin-

ary service inside the labor ranks that will prove the most important factor in future social reconstruction.

Professor Gide does not dwell upon this special feature; but with admirable analysis he shows the changes in the movement which make consumers' coöperation one of the most powerful and hopeful factors in all attempts to get a real meaning into "industrial democracy."

The volume is so far up to date that the extraordinary growth of the movement since the war is clearly indicated. He quotes Professor Stein, "Where should we have been in our besieged Fatherland if it had not been for the coöperators?" He shows the wretched Belgian refugees beginning at once to organize their store in Holland. He notes that the Italian *Consorzio* (Wholesale) has more than doubled its business since the war—also the wholesale at Hamburg.

In spite of all the caution and coolness with which he tells the story, Professor Gide leaves us in no doubt about his faith in the future of consumers' coöperation. He does not see in it any millennial triumph but the sure indications of a political and economic order in which the democratic equalities will have made most substantial gains.

JOHN GRAHAM BROOKS.

#### NEW BOOKS

BRONSHTEIN, L. D. *Our revolution; essays on working-class and international revolution, 1904-1917*. Collected and translated with biography and explanatory notes by M. J. OLGIN. (New York: Holt. 1918. Pp. 220.)

DAULNY, P. *L'injustice du socialisme. Les doctrines révolutionnaires en Allemagne et en France. Part II. Critique des doctrines*. (Paris: Bureaux de la Foi Catholique, 25 rue Vanneau. 1918. Pp. xvi, 176.)

HARRIS, E. P. *Coöperation: the hope of the consumer*. (New York: Macmillan. 1918. Pp. xxii, 328. \$2.)

The system of distribution in the United States does not confine its functions to furnishing what consumers want, but exerts "a subtle but powerful and far-reaching influence in determining what the consumer shall want and what he shall buy." Under the influence of aggressive marketing consumers buy when they should not spend, and buy things not suited to their needs. The voice of thousands of advertisers is appealing to the public to want in order that the advertiser may profit from their wants. Competition among distributors is giving way to chain stores and other mammoth combinations, with added power to increase wants of advertised goods and conceal competitive profits. Due to this quest for concealed com-



petitive profits the distributive machinery, especially in the United States, is run not in the interest of the consumer but in the interest of the dealer. With the machinery of distribution under the control of the profiteer there is, and will be, incentive to adopt economies only in so far as the advantages accruing therefrom can be appropriated by the middleman. "The only way out" is to get the distributive machinery out of the hands of the third party and into the hands of the consumer through coöperation. Thus runs the philosophy of Mr. Harris.

The parts of the book not devoted to this reasoning are devoted to showing how profits are concealed through adulteration, short measure, and so forth, and how the salesmanship which the consumer will use under real coöperation will create wants commensurate with needs and a saving economy. Under coöperative distribution the manager of the store has to study the actual and potential wants of the consumer, not with a view to exploiting them at a profit, but with a determination to develop and satisfy those wants to the best interest of the consumer. The salesman under coöperation becomes an agent for mutual buying, and not a selling agent for products already manufactured regardless of their worth to the consumer. The processes for developing true coöperation (Rochdale Coöperation) are thoroughly discussed. A chapter is devoted to Buying Clubs and one to Salesmanship.

The book is primarily an argument for coöperation with a treatment of methods as to how to secure coöperation. It is not a statistical study as to the achievements of coöperative bodies. The author has had considerable experience in the coöperative field. The book is written in clear and forceful English. It must be said, however, that the author leaves something to be desired as to the seasons why the salesman in the coöperative store will so universally bespeak the consumers' interest rather than the interests of those companies whose goods he is to sell including his own.

CLYDE L. KING.

LAIDLER, H. W. *The British coöperative movement*. Reprinted from *Pearson's Magazine*. (New York: Coöperative League of America, 2 West St. 1917. Pp. 13. 5c.)

MONTMARTINI, G. *Municipalizzazione dei pubblici Servizi*. Second edition. (Rome: Soc. ed. Libreria. 1918. Pp. 617. 20 l.)

SPARGO, J. *Socialism and Americanism*. (New York: Harper. 1918. \$1.50.)

SPARGO, J. *Social democracy explained. Theories and tactics of modern socialism*. (New York: Harper. 1918. Pp. 338. \$1.50.)

TUTTLE, C. R. *New coöperative order; guide book for the practice of the coöperative principle*. (Chicago: Economic Pub. Co. 1918. Pp. 160.)

## Statistics and Its Methods

## NEW BOOKS

BRUNT, D. *The combination of observations.* (Cambridge, Eng.: The University Press. 1918. Pp. 219. 8s.)

RAVIART, E. *L'impôt cedulaire.* (Paris: Rousseau. 1918. Pp. 90; 98.)

STUART, C. A. V. *Inleiding tot de beoefening der Statistiek.* Deel 3. *De toepassing der statistische methode op het gebied van het sociaal-economisch leven en van de huishouding der publiek-rechtelijke lichamen.* Stuk 2. *De Statistiek van Volksrijksdom, Volksinkomen en der Publiek-Rechtelijke Lichamen.* (Haarlem: de Erven F. Bohn. 1917. Pp. 302.)

WILLIAMS, J. H. *A guide to the grading of homes. Directions for using the Whittier scale for grading home conditions, with the standard score sheet of comparative data.* (Whittier, Cal.: Whittier State School. 1918.)

*The official year book of New South Wales, 1916.* (Sydney: Bureau of Statistics. 1917. Pp. 1,248. 2s. 6d.)

*A statistical study of American cities.* By students of Reed College under the direction of W. F. OGBURN. (Portland, Ore.: Reed College Record. 1918. Pp. 41.)

This is a suggestive compilation in regard to 36 important cities in different parts of the United States, prepared by undergraduates in Reed College under the direction of Professor William F. Ogburn of the Department of Sociology. The categories for which statistics are tabulated are those which in a special sense are regarded as essential to a test of civic progress. Among them are: Union wages in cents per hour in 10 trades in 1914; index numbers of 17 food commodities; death rate with a separate table for infants; proportion of population married; church membership in proportion to population (1906); children employed in industry; area of parks per inhabitant; percentage of street area paved with durable pavement; fire loss per inhabitant; value of public properties per inhabitant; number of volumes lent by public libraries, per capita; school attendance; school property; teachers' salaries; number of pupils per teacher; illiteracy, and foreign-born unable to speak English. A summary table is then added showing the rank which the cities take on the basis of the tests used. On this basis Seattle and Salt Lake City stand first and Birmingham last; New York City is 19 and Boston 12. On three of the tests, parks, pupils per teacher, and spoken English, New York City falls in the lowest quarter.

*Statistisches Jahrbuch der Schweiz, 1916.* (Berne: Statistischen Bureau des Schweizerischen Finanzdepartements. 1917. Pp. 288.)

## DOCUMENTS, REPORTS, AND LEGISLATION

### Commerce and Industries

In the state series of bulletins of the federal Census of Manufactures: 1914, has been published *New York* (pp. 147); and in the industry series, *Clothing* (pp. 22); *Patent and Proprietary Medicines and Compounds and Druggists' Preparations* (pp. 8); *The Leather Industry* (pp. 63); *Wool Manufactures* (pp. 48); and *Chemical and Allied Industries* (pp. 85).

The Bureau of Foreign and Domestic Commerce, of the United States Department of Commerce has published the following:

#### Miscellaneous Series:

No. 63, *Trade of the United States with the World, 1916 and 1917*; Part 1, *Imports* (pp. 112).

No. 66, *Furniture Imports of Foreign Countries, 1908 and 1913*, by Edward Whitney (Washington, pp. 31).

#### Special Agents Series:

No. 155, *Electrical Goods in Australia*, by R. A. Lundquist (pp. 64).

No. 163, *Paper, Paper Products, and Printing Machinery in Argentina, Uruguay*, by Robert S. Barrett (pp. 165).

No. 165, *Tanning Materials of Latin America*, by Thomas H. Norton (pp. 32).

No. 166, *Agricultural Implements and Machinery in Australia and New Zealand*, by Juan Homs.

No. 168, *Wearing Apparel in Chile*, by W. A. Tucker (pp. 75).

Tariff Series, No. 37, *Customs Tariff of Australia*, by L. Domeratzky (pp. 104).

Special Consular Reports, No. 80, *Foreign Markets for Cotton Linters, Batting and Waste* (pp. 84).

In Bulletin No. 242 the federal Bureau of Labor Statistics deals with the *Food Situation in Central Europe, 1917* (Washington, April, 1918, pp. 128). About 60 pages are devoted to Germany, 40 pages to Austria, and the remaining portion to Hungaria, Bulgaria, and Turkey. The material was largely derived from continental newspapers and was compiled and translated by Alfred Maylander.

The Latin American Division of the Bureau of Foreign and Domestic Commerce is issuing weekly a series of mimeographed circulars relating to various phases of commerce in Central and South America. Copies may be had upon request from the district offices

of the bureau, in New York, Boston, Chicago, St. Louis, Seattle, and San Francisco.

Reprints from the Yearbook of the Department of Agriculture, 1917, have been made: *Wool: Production, Foreign Trade, Supply, and Consumption*, by George K. Holmes (Washington, 1918, pp. 26); *Sugar Supply of the United States*, by Frank Andrews (pp. 16).

The War Trade Board has printed a new *Enemy Trading List*, revised to March 15, 1918 (Washington, pp. 152). This board has also issued its *Rules and Regulations*, a manual for shippers (Washington, May, 1918, pp. 112).

The Chamber of Commerce of the United States of America has prepared a special bulletin on *The Sheep and Wool Industry in the United States* (Washington, Riggs Bldg., Apr. 26, 1918, pp. 8), which includes summarized statistics and maps.

The Federal Trade Commission has made its report on *Flour Milling and Jobbing* (Washington, Apr. 4, 1918, pp. 27). This deals with costs and profits of millers and distributors of wheat flour during the past five years, and marketing conditions and practices of millers and distributors of wheat flour. It does not relate to the conditions in the retail trade.

The Extension Service of the Massachusetts Agricultural College has published two bulletins of general interest: *The Community Market*, by Lorian P. Jefferson (Amherst, Mass., pp. 22), containing a brief bibliographical list; and *Seed Production in 1918*, by H. E. Thompson (pp. 18).

The National Shawmut Bank, Boston, has prepared a pamphlet on government control, *Industries under Control for Winning the War* (pp. 24). Each industry is outlined showing the extent of price fixing.

The Guaranty Trust Company of New York has issued a series of bulletins which contain scattered data relating to trade conditions: *Taking Stock of the Future* (Mar. 18, 1918); *Organizing for the Victories of Peace* (Apr. 1); *Looking Forward* (Apr. 1); *Breaking Ties that were Fetters* (May 6); *Mariners and Merchants of the North* (May 20); *The Promise of our Vision*, an address by Francis H. Sisson (May 28); *A Record that is a Promise* (June 8); and *The Advantage of Opportunity* (June 24).

The report of a special committee has been prepared and circulated by the San Francisco Chamber of Commerce on *The Wonderful Ad-*

*vantages of a Free Port* (1004 Merchants Exchange Bldg., San Francisco, pp. 53).

### Corporations

**FIXING DEPRECIATION REQUIREMENTS UNDER THE PUBLIC SERVICE COMMISSION'S LAW OF NEW YORK.** In connection with the reorganization of the Metropolitan Street Railway Company, the Public Service Commission of New York, First District, ordered the New York Railways Company (successor of the Metropolitan Street Railway Company) to set aside 20 per cent of its operating revenues for maintenance and to reserve for depreciation what was not required for repairs and current upkeep. One of the chief causes of the financial collapse of the New York City street railways was that they were not maintained out of earnings. Replacements were successively financed out of bond issues and finally placed an intolerable interest burden upon the system. In the reorganization, the Public Service Commission sought to prevent the recurrence of such gross financial neglect and accordingly required definite provision for maintenance and depreciation.

The New York Railways has contested the order in the courts. The commission was first upheld by the Appellate Division of the Supreme Court, First Department. But on May 14, 1918, the Court of Appeals reversed the lower court on the ground that the order was beyond the power of the Public Service Commission. There was no question of the requirement being excessive or unreasonable. While the Public Service Commission's law granted the commission power to prescribe a uniform system of accounts, to regulate the issue of securities, to fix reasonable rates, and to require reasonable service and conditions of service, it did not provide expressly for the control of the financial policies of the railroad companies. To require 20 per cent of the revenues to be set aside for repairs and depreciation did not come within the designated powers, but amounted to an interference with financial management.

This is one of the characteristically legalistic decisions made from time to time by the Court of Appeals as to the interpretation of statutes dealing with economic policy. The court seems inclined to view such statutes from the narrow standpoint of phraseology and not according to the broad purpose of the law and the economic facts with which the laws are concerned. Such was the narrow view in the recent *Quinby* decision, April 5, 1918, when the court held that the Public

Service Commission was not granted the power to increase rates on electric railways where the rates had been fixed by local franchise, and it is the same view that controls in the present case. In both cases, the broad purpose of the Public Service Commission's law was completely disregarded; the decisions were based on the specific terms of the law, and, according to this standard, are entirely correct. But what shall be said of the standard?

As to the present case, the purpose of the Public Service Commission's law may be stated as threefold: (1) to regulate new capital issues for the protection of investors in public utility securities, (2) to secure reasonable rates for consumers, and (3) to prescribe a uniform system of accounts, to provide a mechanism by which the desired regulation may be effected. Liberal consideration of these purposes would reasonably permit the commission to fix the requirements for maintenance and depreciation. And if these purposes are to be carried out, the commission simply must control depreciation—if not directly, then indirectly. It is expressly directed to regulate the issue of securities, and may allow new issues only for new investment in property. But in the determination of the new investment, the commission obviously must consider depreciation, and if it cannot fix the depreciation charges directly in the operating expenses, it is nevertheless in duty bound to make the requirement indirectly through its orders in capitalization cases. Likewise, in fixing reasonable rates, among the operating expenses that must be included to show cost of service are repairs and depreciation, and the allowance depends upon what the commission finds proper, and not upon the company's financial management. Again, then, the commission must do indirectly what it is not permitted to do directly by the decree of the court.

The commission has the explicit power to prescribe a uniform system of accounts, and it has established a system for the electric railways. In this system it has provided an operating expense account for depreciation and a reserve account to cover the depreciation funds and to show the amount of fixed capital that has been charged to the cost of operation. The fundamental purpose of the accounting order is to provide a mechanism by which control over the issue of securities and rates for service may be readily exercised. The accounts should show at any time the additions to the investment for which new securities may be issued; but for this purpose, they should show the amount of the depreciation to be deducted from cost of the property, to give the net addition to investment which may be capitalized. Unless proper accounting provisions are made, the control of security issues



is extremely cumbersome, expensive, and time consuming. An independent investigation of the property must be made for each application, which takes time and money, while the necessary facts should be up-to-date and be directly ascertainable from the accounts. The chief difficulty in the regulation of securities has been the lack of an effective accounting machinery. The book values of properties have not been adjusted to correspond with the proper capitalization, and the decision of the Court of Appeals will make the adjustment in New York all the more difficult. Yet the absolute purpose of the law is to control capitalization.

Likewise, in the control of rates, after the first appraisal of a property to show the investment entitled to a return when a company is first brought under regulation, the fundamental facts necessary for any subsequent rate determination should be shown by the accounts. Following the first appraisal, the property accounts should be rewritten according to the valuation, and thereafter should show the cost of all additions, the amount of the retirements written off, and the accrued depreciation, so as to give the net investment on which a return should be allowed. Then the rate base would be constantly determined for instant use. Similarly the operating accounts should show the full cost of service, including maintenance and depreciation. Again, rate proceedings have been unwieldy, long drawn out and expensive affairs, because the accounts have not shown reliable investment figures and operating costs, and rate control will not be effective till the accounts can be used as a direct instrument for the purpose. The commission had been working to this end, but the Court of Appeals has greatly increased the difficulty of the task.

The control of capitalization and rates are finally parts of the same process. Primarily, perhaps, the purpose of regulating capitalization is to protect the investors. Obviously, however, securities are protected only when the amounts they represent are permitted to earn a fixed return. But fixing a valuation as the basis of a return is primarily a matter of rate control. Protection of securities, therefore, depends upon the control of rates, so that the two purposes involve the same basis of valuation. The facts, then, for both capitalization and rate control should appear directly in the accounts; and when the capitalization is properly fixed, this in itself furnishes the most convenient valuation for rate purposes. But in this entire scheme, the facts of maintenance and depreciation are essential elements and should be furnished by the accounts. When they are not shown, the work of the commission is rendered to that extent more unwieldy and ineffective.

This fact was probably not appreciated by the Court of Appeals, but why interfere with a technical procedure unless the result will be clearly contrary to the broad purpose of the law? What injury can come to the company through definite requirements for repairs and depreciation, if the amounts are reasonable and are clearly needed for the protection of the property?

JOHN BAUER.

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THE CONTROL OF STREET RAILWAY RATES FIXED BY LOCAL FRANCHISES IN THE STATE OF NEW YORK. Operating costs of street railways as well as of other public utilities have been increasing the past year so rapidly that in many instances rate increases must be allowed if insolvency is to be avoided and reasonable service maintained. At this critical time, however, when the public utilities commissions should keep particularly close track of the financial conditions of the companies, promptly granting rate increases where they are necessary, in the state of New York the machinery of rate control as applied to street railways has come to an almost complete standstill.

On April 5, 1918, in the so-called Quinby case, the Court of Appeals of the State of New York decided that, while the public service commissions of the state have been granted plenary powers by the legislature to deal with all statutory rates for street railways, they were not given power to increase rates above the local franchise provisions. Since 1875 the state constitution has forbidden the construction or operation of a street railroad without the prior consent of the local authorities (art. III, sec. 8). Such consent in any case has constituted the local franchise, and has been based extensively upon a maximum 5-cent fare and free transfers. The Court of Appeals now holds that while the commissions have full power to deal with street railway fares where there are no franchise restrictions, they were not granted the authority to increase rates beyond such restrictions.

There is a question, however, whether the legislature itself has power over franchise rates and whether it can delegate control to the commissions. This question was specifically reserved from the decision, but the language of the court nevertheless implies that the legislature itself has no power over franchise restrictions. The Public Service Commission of the Second District (in Case 5105, Application of the New York and North Shore Traction Company for increase in rates) held that maximum rates fixed by local franchise are protected by the constitution and cannot be increased except by local consent

(IV, P. S. C. Rept. 2d Dist. N. Y., 587). On appeal this view was reversed by the Appellate Division of the Supreme Court, Third Department, which held that the commissions have full power over street railway rates, whether fixed by statute or local franchises (175 App. Div. 869). The latter view was then adopted by the Second District Commission, but not by the First District (Case 2217, N. Y. & North Shore Traction Co, Application for increase in fares, decided January 10, 1918). Now, in the Quinby case, there is at least a final decision as to the power granted by the legislature to the commissions, but the ultimate question whether the franchise rates are subject to legislative control is uncertain. But, of course, maximum rates fixed by franchise may be reduced by the commissions.

What can be done? Many companies are facing a real emergency, and have fairly expected relief from the commissions. Where there are no franchise restrictions, rate advances may be readily granted. But where there are local maxima, the commissions are powerless and relief can be granted only by the municipal authorities. These, however, are not equipped to deal with rate questions. They may not grant concessions fairly required or may authorize advances not justified by facts; in law they are not bound to do anything—they simply hold to their original franchise bargain. There is not likely to be any consistent policy, and the result is bound to be unsatisfactory to the public as well as to the companies.

There are probably many cases when the commissions can furnish relief. Some companies, though probably very few important ones, are not burdened with any franchise restrictions. Many others have restrictions on some lines but not on others, so that as to the latter, rate increases are legally possible; and this is probably characteristic of most large companies. But even in such cases there is a question how far, practically, advances may be made without rendering the general rate system unreasonable and introducing various discriminations which are forbidden by the statute. There is also the direct statutory requirement that only one fare may be charged on the lines of a company, which may prevent higher rates on lines not directly burdened by franchise requirements. Can this provision be set aside by the commissions? In any extensive and complicated street railway system, it seems that about all the commission can do is to make a financial investigation in a case, so that the company may take the findings before the local authorities as the basis for seeking relief.

To a layman it is not at all clear why the legislature should be considered as having delegated to the commissions all control over

statutory rates but not the maxima fixed by franchise. Where is there such a distinction in the statutes? The decision certainly makes nonsense out of the contemplated system of regulation wherever there are local restrictions, and creates confusion in an important industry—in many instances particularly important because of the war. To be sure the legislature may now specifically give the commissions authority over franchise rates; but this will take time, while many companies are in perilous financial state this instant. But even then there would be the question whether the legislature itself has the authority over rates fixed under constitutional power granted to local authorities. By the time this could be decided, many valuable and important properties might be overwhelmed by the mounting costs of operation.

Any consistent policy to protect both the public and the companies, and provide desirable service and necessary extension of facilities, requires elastic and full control, so that the commissions may freely advance as well as lower the rates, also fix the various requirements of service. If at all possible, the law should have been interpreted from this view, and that this was possible appears from the divided decision of the court, Chief Justice Hiscock and Justice Collin dissenting. The difficulty seems to be the failure to comprehend the fundamental economic facts involved. The decision, after all, must have been based on the court's view of proper policy, since the legislature has given no indication of any restriction upon the commissions' control over rates. If the legislature had intended a limitation in so important a matter, would it not have made a specific restriction?

The question finally becomes really the constitutional one, which was not decided but must nevertheless have controlled the minds of the court, whether when the constitution granted the local authorities the right of prior consent before a street railroad may be constructed or operated, the grant is a limitation upon the legislature's power in the control of such railroad. But before such general local power can interfere with any systematic control by the legislature and the commissions, there must be an *interpretation* that the right to give consent implies the right to fix conditions upon which the consent is based. But when conditions are so fixed, including maximum rates and transfers, do they have the full protection of the constitution in spite of a systematic policy of regulation which the legislature has determined and which economically is highly desirable if not absolutely necessary? Is the entire power in this matter to be annulled because of a very general constitutional provision?

In 1875 when the special power was granted to the local authorities, franchise restrictions furnished the only known protection of the public

against arbitrary charges or other unreasonable action by street railway companies, and under those conditions a liberal interpretation of the power was reasonable. Since 1907, however, a comprehensively regulatory system has been developed, which recognizes the special economic nature of public utilities and accordingly provides for systematic control of service and rates. The policy is state wide, not local, seeking to protect and positively benefit all the people, the public as well as the investors. Is this policy to be aborted because of local franchise provisions? Where is the absolute constitutional necessity? Where, even, are the previous decisions that reasonably require such a construction?

The Quinby decision and the final constitutional view that it foreshadows, have a general interest outside of the state of New York. A number of the states have constitutional provisions essentially like that of New York, so that the present New York view will serve at least as a powerful precedent in other jurisdictions. The development of a rational regulatory policy has been a slow and laborious process, and, at best, existing methods are crude and cumbersome. Still, there is a comprehensive policy, which may be worked into an effective system. But the present New York decision, if generally followed in other states, will practically destroy any clear regulation of street railways. Shall we then depend upon inflexible franchise control? Or shall we turn to municipal ownership and operation? Why cut short the rather promising policy of commission regulation?

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The Interstate Commerce Commission has issued its *Seventh Annual Report on the Statistics of Express Companies in the United States*, for the years ended June 30, 1916 and 1915 (Washington, 1918, pp. 22).

Reports have been submitted by the Senate Committee on Interstate Commerce relating to the *Federal Control of Transportation Systems during the War* (65 Cong., 2 Sess., Rept. 246); part 1, by Senator Smith (pp. 8); part 2, by Senator Cummins (pp. 13); and part 3, by Senator Poindexter (pp. 6).

The Bureau of Railway Economics has continued its useful series with *Statistics of Railways, 1906-1916, United States* (pp. 58).

A federal document entitled *Decrees and Judgments in Federal Anti-Trust Cases, July 2, 1890-January 1, 1918*, compiled by Roger Shale

(Washington, Supt. Doc., 1918, pp. 860, \$1.25) reproduces all the decrees (civil and criminal) rendered by the federal courts in antitrust cases. It should prove invaluable to those interested in the trust problem, since most of the material contained therein has not heretofore been readily accessible.

The Guaranty Trust Company of New York in a pamphlet entitled *Laying the Rails for Future Business* publishes an address by Francis H. Sisson on the law for the federal control of railroads.

Digests of state laws relating to corporations have been prepared recently for Maine, *Business Corporations* (Augusta, Secretary of State, 1917, pp. 66), and for Delaware, *Digest of the Delaware Corporation Law*, fifth edition (Wilmington, 1918, pp. 40).

Reports of public utility commissions recently issued are:

*Sixth Annual Report of the Public Utilities Commission of Connecticut* (Hartford, 1918, pp. 535).

*Reports of Decisions of the Public Service Commission of the Second District of the State of New York, 1917* (Albany, vol. VI, pp. 451).

*Thirty-third Annual Report of the Board of Gas and Electric Light Commissioners of Massachusetts* (Boston, 1918, pp. 279, 463).

*Thirty-third Annual Report of the Railroad and Warehouse Commission of the State of Minnesota* (St. Paul, 1918, pp. 462).

*Tenth Annual Report of the Board of Railroad Commissioners and Ex-officio Public Service Commission of Montana* (Helena, 1917, pp. 420).

*Eighth Annual Report of the Quebec Public Utilities Commission, 1917* (Quebec, pp. 22).

At the request of the Public Service Commission of Massachusetts, John A. Beeler submitted under date of November 10, 1917, an extended *Report on the Methods and Practices of the Boston Elevated Railway Company* (Boston, 1918, pp. 279). This contains a detailed analysis of methods of operation and possible economies, illustrated by charts and maps.

### Labor

REPORT OF THE RAILROAD WAGE COMMISSION. Little less than epoch making was the report presented last April to the Director General of Railroads by the commission of four men entrusted with the consideration of the railway wage situation (*Report of the Railroad Wages Commission to the Director General of Railroads*, Washington, United States Railroad Administration, April 30, 1918, pp. 156); extraordi-

nary because of the emergency that confronted them, the magnitude and complexity of their task, and, by no means least, the broad sympathy with which they approached the problem. Witness the human keynote struck by the opening phrases:

To ask of a man, "What wages should you in justice receive?" is to ask perhaps the profoundest of all human questions. He is at once compelled to an appraisal of his own contribution to the general good. He must look not selfishly on his own material needs, but take a far view of the needs of those dependent upon him. He must go into the whole involved problem of his relationship with his fellows, and to answer the question aright he must in the end come to a judgment which will be nothing less than a determination of what policy or plan of wage adjustment will make for the permanent well-being of the State.

Director General William G. McAdoo assumed control of railway operation in the United States on December 28, 1917. At once he found himself face to face with a serious labor problem. For months railway employees had shown signs of restlessness. There had been concerted and individual demands for increased wages; many had left the railway service to enter more attractive fields of activity. Living costs were mounting and the situation demanded immediate attention. That the Director General realized the necessity of prompt action is shown by the fact that three weeks from the date of assuming control a carefully chosen commission of four men was at work on the problem: Franklin K. Lane, Secretary of the Interior, Charles C. McChord of the Interstate Commerce Commission, Chief Justice J. Harry Covington of the Supreme Court of the District of Columbia, and William R. Willcox of New York. The Director General's order (No. 5, January 18, 1918) creating this commission directed them to "make a general investigation of the compensation of persons in the railroad service, the relation of railroad wages to wages in other industries, the conditions respecting wages in different parts of the country, the special emergency respecting wages which exists at this time owing to war conditions and high cost of living, as well as the relation between different classes of railroad labor," and to recommend in general terms its findings "as to changes in existing compensations that should be made."

The commission worked rapidly and presented its recommendations on April 30, or ten weeks after appointment. They reported that the requests for increased compensation presented to them by representatives of railway labor aggregated over one billion dollars a year, representing an average increase of 50 per cent. The requests ranged from 100 per cent down to 10 per cent, but "none were satisfied with their present wages."



Here was the problem: two million railway workers, earning about two billions a year. What increase should be made in the two billions, and how should it be distributed among the two millions? "Quite evidently the need or the desert of each class of labor is not to be measured by its demands. The bolder should not be given all they ask merely for their boldness, while the more modest are insufficiently rewarded for the service they render because of their modesty."

The commission first considered and discarded the proposal to award uniform increases of a fixed amount per month to all workers as a species of war bonus. This principle would not only have failed to distinguish between classes whose needs varied widely, but would have granted additional compensation to those who had already received considerable increases since the beginning of the war, while to others it would not have afforded enough to meet increased living costs. To obviate these objections the commission decided, first, to take January 1, 1916, as the date from which to reckon the serious rise in living costs, due to the war; second, to adopt 40 per cent as a round measure of the rise in prices from that date to April 30, 1918; third, to regard an employee receiving \$85 a month at the beginning of 1916 (approximately \$1,000 a year) as the recipient of a standard or living wage<sup>1</sup> and to increase his compensation by 40 per cent so as to bring his standard of living on April 30 to a par with that of January, 1916; fourth, so to scale up the rate of increase for employees receiving less than \$85 that none would receive less than \$20 additional per month, while those receiving over \$85 and less than \$250 should have their rates of increase scaled down from 40 per cent.

"Upon those who can best afford to sacrifice (*i.e.*, the better paid classes) should be cast the greater burden," says the report, in explanation of its sliding scale. And again: "There is high authority for saying that 'to him that hath, shall be given, but from him that hath not shall be taken away even that which he hath.' The plan we recommend is an expression of the reverse policy. We take from no man that which he hath, insuring him as much as he has now, but we would add materially to the fund of those who have least. And of these there are many." The commission found that 12 per cent of railway employees (under \$3,000 per year) received \$50 per month or less during December, 1917, 65 per cent received \$85 or less, 80 per cent received \$100 or less, while only 3 per cent received \$150 or more.

<sup>1</sup> The commission did not use the phrase "standard wage," but that was the idea clearly in their minds. Their exact language is as follows: "There is a point up to which it is essential that the full increased cost [of living] shall be allowed as a wage increase, while from this point on the increase may be gradually diminished."

A brief summary of the table of increases proposed by the commission is given below. The commission's table covered each monthly rate of pay from \$46 to \$250, arranged in dollar groups, \$46, \$47, \$48, and so on.

Monthly compensation during December, 1915	Rate of Increase	Proposed rate of compensation
Under \$46	\$20	Various
\$46.01 — \$47	43 per cent	\$67.21
50.01 — 51	42.35 "	72.60
65.01 — 66	41 "	93.06
84.01 — 85	40 "	119.00
100.01 — 101	31.29 "	132.60
125.01 — 126	22.11 "	153.85
150.01 — 151	15.96 "	175.10
175.01 — 176	11.56 "	196.35
200.01 — 201	8.26 "	217.60
225.01 — 226	5.69 "	238.85
239.01 — 250	Various	250.00

For pieceworkers and trainmen paid on a mileage basis, special scales were worked out by the commission, in which the proposed rates of increase were applied, as nearly as possible, to the unit rate of pay.

The proposed increases applied to the wage actually received during December, 1915, (*i.e.*, in force January 1, 1916) and increases already granted by roads since that date were to be credited against the recommended increases. For example, a man receiving \$100 per month on January 1, 1916, would be increased to \$132.60 on January 1, 1918, regardless of any increases made in his rate of pay during the two intervening years. If he had already received increases aggregating \$25 during the period, his rate would be increased only \$7.60; if \$32.60 or more, his compensation would remain stationary, without reduction. Furthermore the rate of increase went with the *position*, not with the individual, so that men promoted to posts of greater responsibility since January 1, 1916, would receive the rates applicable to their new duties rather than to their old duties. Finally, all proposed increases were retroactive from January 1, 1918.

The broad principle of equal pay for equal service is laid down by the report. Applied specifically to woman's work, it is made applicable as well to other groups of employees, whether organized or unorganized. The report recognizes the increasing necessity of the em-

ployment of women, but warns against overworking them, or in any way overlooking the moral, sanitary and other safety standards prescribed by law and public opinion.

As to salaries, their recipients should be subjected to the same general standards of appraisal as wage-earners, some large salaries being too high while many of the lower salaries are too low. The commission recognized that the salary question is largely a matter of individual adjustment and arrangement.

The report closes with ten interesting appendices, devoted principally to French and British railway wage adjustments since 1914; to cost of living data, including both price changes and statistics of family budgets; to the classified wages of 1,940,000 railway employees, and to railway hours of service.

In general, the report of the Railroad Wage Commission was adopted and made effective by the Director General. He modified it with respect to the minimum rates applicable to certain classes of workers, laid down the principle of the eight-hour day, and made some other adjustments, but in broad outline he accepted the findings of the commission. It is estimated that the aggregate annual wage increase effected by General Order No. 27 amounts to at least \$300,000,000, an average increase of 16 per cent.

For its sympathetic handling of a complicated problem, and for the simple method evolved for working out a general increase in the wages of two million workers, the report of the commission deserves only the highest praise. It does not follow that the method of applying a uniform scale of increase to all workers earning a given amount is the best solution of the wage problem, nor is it certain that the proposed scale will be found wholly satisfactory, even when modified to meet special conditions. Any general increase rewards the inefficient with the efficient; the efficient worker who has already earned increases during the past two years now sees as a reward his less efficient fellow-worker brought, without effort, to a par with himself, while he gets little or nothing himself. Further, the higher paid classes, who under the new scale receive comparatively little, are the most articulate in their demands and the most ready to express their disappointment. Again, countless questions are bound to arise in connection with administration, such as regard newly created positions, promotions and transfers from position to position, and the like. Difficulties such as these are inherent in any general award. The commission were doubtless aware of the fact, but were forced to work out a speedy adjustment, applicable to the needs of the particular time, and so nearly

equitable in a rough way that the sense of justice of the average citizen would be satisfied. Whatever the results, the report marks a forward step toward the solution of the labor problem.

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PREVENTION OF UNEMPLOYMENT. The late Mayor Mitchel of New York City appointed two committees to deal with the problems of unemployment brought on by the industrial depression in 1914. A large committee of 100 was formed that year and in January, 1916, this was resolved into a smaller committee, intended to be permanent, whose duties were to be "to deal constructively with the problem of unemployment and prepare against a recurrence of unemployment crises."

The report on *How to Meet Hard Times: A Program for the Prevention and Relief of Abnormal Unemployment* (New York City, Mayor's Committee on Unemployment, Jan., 1917, pp. 132, 25 cents) contains the results of the experience of both of these committees. It is the work of John R. Shillady, secretary, and Bruno Lasker, assistant secretary, of the second committee. How successful the committee has been in arousing the country to prepare against a recurrence of unemployment crises may perhaps be judged by the fact that although the report was written in January, 1917, funds could not be secured for its publication until 1918.

After laying down the definition "the man may be termed unemployed who is seeking work for wages but unable to find any suited to his capacities and under conditions which are reasonable judged by local standards," the report analyzes the problem from the point of view of devising preventive measures against such unemployment. Chapters follow on what consumers and employers, financial institutions, and public authorities may do. Then "the emergency problem," arising out of a general depression, is discussed and the authors contend that the problem of unemployment at such a time is not only one of greater magnitude than in normal times, but that the very magnitude causes the problem to change in character. The responsibility of public authorities and organized philanthropy in meeting the emergency problem are then distinguished and systems of credit organizations and employment insurance described.

Seven of the thirteen chapters of the report are devoted to the discussion of this "preventive action and relief of unemployment by measures which must be in permanent operation to be effective." The remaining chapters are concerned with "emergency relief proper," which

is necessary to meet distress but which the authors say is really of minor importance. Yet the report goes into greater detail in discussing the principles of emergency relief and relief employment than it does in discussing preventive remedies; and the recommendations on this subject contained in the report are worked out with attention to administrative detail which makes them practical and convincing.

In such general terms as the following are recommendations made for permanent preventive measures: that a statistical "barometer of trade" be created by federal and state labor departments; that organizations more competent than the committee study the underlying economic causes of industrial dislocations; that a more widespread education of the people in the meaning and effects of crises and depressions be undertaken; that manufacturers prepare against necessity of closing down by a production policy that will hold back for hard times; that public improvements be planned so as to throw work on the market when private employment is slack; and that the federal government take appropriate steps to organize a nation-wide system of public employment bureaus. This makes a valuable review of unemployment remedies for the student, but is of little value as a program for practical action.

Quite different are the recommendations relating to relief work. The employment must approximate normal conditions; tasks must be suited to abilities of workers; wages paid must relate to efficiency and output; relief employment must be organized only by such agencies as are already in intimate touch with the people to be aided. These and many other principles of practical operation of relief work and charitable relief are discussed and recommended.

Had the committee on unemployment given the same attention to the practical details of administration of the permanent remedies for unemployment that they gave to relief work, perhaps they would have had more success in getting some of these recommendations adopted. As it was, the only result of the committees' work that could be seen was the relief work that they did.

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The United States Bureau of Labor Statistics has added to its Wages and Hours of Labor series a study on *Wages and Hours of Labor in the Lumber, Millwork, and Furniture Industries, 1915* (Washington, Feb., 1918, No. 26, Whole No. 225, pp. 314).

The federal Bureau of Mines has issued *Coal Mining Fatalities in the United States, 1917*, compiled by Albert H. Fay (Washington,

pp. 37); *Quarry Accidents in the United States during the Calendar Year 1916* (pp. 58); and *Metal-Mine Accidents in the United States during 1916* (pp. 91).

This bureau has also issued a pamphlet on *Report of the Committee on the Standardization of Mining Statistics*, compiled by Albert H. Fay (Washington, pp. 39).

The hearings before the House Committee on Labor relating to the employing of convict labor for the production of war supplies has been issued in three parts covering the dates of January 18 and February 1, 1918 (pp. 89).

The State Industrial Commission of New York has printed the *Proceedings of the Second Industrial Safety Congress* held December 3-6, 1917 (Albany, pp. 292).

The Industrial Commission of Wisconsin has reprinted the *Child Labor Law* with explanatory notes (Madison, 1918, pp. 32).

The National Civil Liberties Bureau has compiled a pamphlet on *The Truth about the I. W. W.*, "facts in relation to the trial at Chicago by competent investigators and noted economists" (New York, 70 Fifth Ave., 1918, pp. 55).

The Department of Labour of Canada has issued its *Seventh Annual Report on Labour Organization in Canada*, 1917 (Ottawa, 1918, pp. 227).

The Homestead Commission of Massachusetts, in a bulletin of December, 1917, presents a description of *The Lowell Homestead Project* (Boston, pp. 16).

The Industrial Commission of Ohio publishes the *Work of the Free Labor Exchanges of Ohio for the Year Ending June 30, 1917*, in its Bulletin, vol. IV, no. 13 (Columbus, Feb. 15, 1918, pp. 42).

### Money, Prices, Credit, and Banking

SENATOR OWEN'S PROPOSAL TO STABILIZE FOREIGN EXCHANGE RATES. Developments of great ultimate as well as of immediate importance to those engaged in international trade are likely to result from the bill recently introduced into Congress by Senator Owen, chairman of the Senate Banking and Currency Committee, to establish the American dollar at par abroad.<sup>1</sup> The primary purpose of this bill is to correct

<sup>1</sup> See remarks of Hon. Robert L. Owen on Senate Bill 3928 to establish the Federal Reserve Foreign Bank, etc., in the Senate of the United States, February 25, 1918, Cong. Rec., pp. 2817-2825.

the difficulties encountered through the dollar's falling below its normal gold par in several of the neutral countries, particularly Spain, Norway, Netherlands, Denmark, and Sweden. In Spain the dollar has at times fallen to a discount in terms of pesetas as great as 40 per cent.

This depreciation of the dollar exchange has been exceedingly difficult for the outsider to understand. Trade statistics would seem to indicate that the dollar would be so urgently required by foreign countries to settle their indebtednesses to us that it would command a premium. For the calendar year of 1917 exports from this country exceeded the grand total of imports by 3.2 billions of dollars. This excess alone surpassed imports by more than 10 per cent. For 1916 the trade balance was 3.1 billions in our favor. And not merely for the trading world as a whole but for the very countries in which the dollar has fallen to a discount have our exports exceeded our imports. According to figures furnished by the Bureau of Foreign and Domestic Commerce our trade relations with four of these neutrals were as follows (in millions of dollars):

Country	Exports	Imports	Balance in our favor
Netherlands . . . . .	90.5	22.7	67.7
Norway . . . . .	62.8	6.2	56.5
Spain . . . . .	92.4	36.8	55.5
Sweden . . . . .	20.9	18.0	2.8

For each of these countries exports exceeded imports.

Why should not the dollar, therefore, be so eagerly desired in each of these countries that it would rise to a premium instead of falling to a discount? The answer is to be found primarily in the enormous credits extended by the United States to its European allies. Part of the sums loaned to Great Britain, for instance, are turned over to its manufacturers and tradesmen who buy from Spain. Dollar credits have thus been acquired in enormous amounts by neutral countries through the purchases in those neutral countries by our allies. Spain, having a favorable balance of trade with the world as a whole, has received more dollar credits than needed to balance its own requirements. In a similar manner, even if in a lesser degree, the same explanation suffices for the dollar depreciation in the other neutral countries mentioned.

The losses encountered by our trading and consuming public through this decline in exchange are obvious. Our exporters have received



fewer dollars; our importers have had to pay more dollars than otherwise would have been the case. In Senator Owen's words:<sup>2</sup>

The fact that the Spanish peseta, however, is at a premium of 25 per cent means, in round numbers, that instead of an American dollar buying 5 pesetas it buys 4. It means that our merchants who bought \$36,000,000 worth of goods from Spain, which they paid for in pesetas, receive in Spanish commodities 25 per cent less than they would have received if our dollar was at gold par in Spain. It means that the Spanish merchants who bought \$92,000,000 worth of goods from us get with their currency one American dollar for 4 pesetas, and with that dollar, bought with 4 pesetas, get a like advantage in buying American goods, notwithstanding the fact that these pesetas in Spain do not leave Spain. The Spanish currency in gold thus buys more and our gold currency buys less because of this unadjusted condition.

Whether or not the loss can be measured in this simple mathematical manner is open to argument. With our importers suffering this loss by exchange their demand for goods may have fallen off sufficiently to lower prices for Spanish goods somewhat. Likewise our exporters, owing to this loss by exchange, have been less anxious to sell to Spain, and this reluctance may have raised the peseta prices commanded by our goods. There would be some compensation for the loss as figured above. But at any rate the loss is great. The problem simply reduces itself to this: that when dollar credits are not urgently required in Spain the Spanish exporter must have more dollars in order to obtain the same number of pesetas, and the Spanish importer need pay over fewer pesetas in order to acquire the same number of dollars' worth of commodities.

From the standpoint also of the psychological effect upon foreigners the depreciation of the dollar is not to be desired. A falling exchange has been a concomitant of most of our financial crises; and in less serious disturbances a depreciating dollar, indicating as it does future gold withdrawals, arouses anything but a state of confidence in the money market. A discount on the dollar abroad, therefore, may be pointed to by our enemies to indicate the weakness of our financial sinews; may be used to encourage the German and to discourage the American.

A dollar depreciated abroad, furthermore, may render more difficult our post-bellum position in international trade and banking. In no small measure the supremacy of sterling credits in the past has been due to its stability in terms of gold. If we wish to render the dollar equally acceptable it will be no less necessary for us to take steps to prevent its depreciation in terms of gold or other currencies.

<sup>2</sup> *Cong. Rec.*, p. 2818.

Senator Owen accordingly proposes that the Federal Reserve act be so amended as to provide for the establishment of a federal reserve foreign bank. This bank would assume the responsibility of furnishing American commerce with a stable exchange. It would have power to establish foreign branches generously equipped with power to acquire and sell foreign credits. If necessary these credits could be established in foreign countries by the sale of government bonds. No individual or bank other than this foreign bank would have the legal right to "sell dollar balances at less than gold par, except as payment for merchandise imported into the United States, without the express authority of the Federal Reserve Board." It would be directed by a board of nine men appointed by the President of the United States, and all of these would be merchants and not bankers. Bankers would be excluded from the directorate for "our American bankers have not sufficiently realized that banking grows with commerce . . . the banker who thinks in terms of interest and commission and profits and exactions, is not happily constituted to determine the best methods of serving commerce."<sup>3</sup> This would explain why reliance could not be placed on the recently established foreign branches of private banks. The proposed bank would be a reserve bank.

But why should it be necessary to establish another reserve bank? Indeed, some of our prominent financiers have gone on record as holding that our present reserve banks through their open market functions have all the power necessary to grapple with this problem. But no single one of the reserve banks is by law rendered responsible for financing the foreign commerce of the United States; and to delegate such responsibility to any one of them might give rise to questions of sectional favoritism. Furthermore, the "12 Federal reserve banks have found a field of such enormous activity in the domestic banking life of the United States that they have not been situated for adequately handling foreign business further than the acquisition of a very small part of available foreign bills."<sup>4</sup> It would be better to organize a single foreign bank through which the present reserve banks might buy and sell foreign exchange to meet the requirements of their own member institutions.

If established, what means could such a bank employ to correct the foreign discount on the dollar? In terms of the Spanish problem, what measures could be relied upon to increase the value of the dollar in pesetas?

<sup>3</sup> *Cong. Rec.*, p. 2820.

<sup>4</sup> *Ibid.*, p. 2819.

1. Sufficient shipments of gold might be made to Spain to establish all the peseta credits required.

But at the present time insurance rates are excessively high and such shipments would be abnormally expensive. And the volume of such shipments must be enormous, since Spanish credits are needed not merely because of our own requirements, which alone would be more than balanced by our exports to Spain, but by the requirements of all our allies who utilize our loans to buy from Spain. In the past year or so shipments of \$88 millions did not suffice to right exchange. In times of mounting governmental expenditures it becomes more than ever incumbent upon us to conserve the gold supports of our domestic bank credits.

2. Credits might be established abroad by the export of commodities to Spain.

In view of the requirements of our allies an enormous volume of exports would be necessary to balance their indebtedness as well as our own. In the past few years an enormously favorable balance of trade on our part has not been sufficient. And the longer the war lasts, the greater become our demands for labor and materials, the more rather than the less difficulty will we find in fabricating articles of export. It should be noted, however, that the War Trade Board has recently adopted certain regulations designed to encourage such commerce. Arrangements have been made whereby licenses will be granted more readily to export the less essential commodities to such countries at times when tonnage is available. The encouragement of this export trade is part of the campaign to build up trading relations in fields formerly neglected by us or in part monopolized by Germany.

3. In Senator Owen's words: we could forbid "the sale of pound sterling for dollars and [compel] the Spanish merchants to buy dollars with pesetas. And this only means limiting arbitrage until the dollar reaches par."<sup>5</sup> In other words Spanish merchants would be prevented from transferring credits granted by our allies into dollar credits.

The effectiveness of this device so far as the United States alone is concerned cannot be doubted. It would compel Spain to balance its indebtedness direct with us and so long as the balance is favorable to us the dollar should tend toward a premium. But such a course would more than ever unsettle the English and French exchanges in Spain, since France and England would find it increasingly difficult to meet

<sup>5</sup> See "Putting the American Dollar at Par Abroad," speech of Hon. Robert L. Owen in the Senate of the United States, May 1, 1918, *Cong. Rec.*, p. 6359.

the claims of Spanish exporters. The ideal solution of the problem would be one which would lessen rather than increase the exchange difficulties of our allies.

4. "We can bring the American dollar to par by imposing an extra tax on goods required by Spain, putting the export tax at the currency rate of exchange whatever it is. It would not take Spain long to discover the wisdom of exchanging pesetas for dollars at par, but I do not believe in such a friction-arousing policy."<sup>6</sup>

5. Credits could possibly be established in Spain through some form of borrowing.

Such loan negotiations might be initiated with the Spanish government, Spanish bankers, or the Spanish public. Undoubtedly a great many difficulties might be encountered here. All classes in Spain might hesitate to part with the advantages of an appreciated peseta. In the past year several attempts of our private bankers to arrange such credits have failed, presumably because of this difficulty. German influence has also been held in part responsible for the failure of such negotiations and with the northern neutrals this might be all the more a bar.

Nevertheless, the writer believes every effort should be made to seek a solution by this method and that in such negotiations a foreign reserve bank would possess the advantage over any other agency. Aside from being more responsible for the stability of the dollar exchange than any private bank, it would be expected to have more weight in influencing further legislation, should such be necessary. Rather than submit to a tax on exports from this country, a tax which might be recommended by the directorate of this bank, Spanish authorities might the more willingly grant the credits on which they would realize 6 or 7 per cent. We could afford to pay this rate of interest rather than compel our merchants and our consumers to pay 40 per cent more for commodities through the depreciated dollar. And with such a bank in the field Spanish creditors could be assured that every effort would be made to prevent their suffering any loss through a future decline in exchange; that is, that credits established by them with this country could be got back without loss. The establishment of the foreign reserve bank would be the best guarantee that the parity of the dollar would be maintained. Finally, such a bank would have all facilities for establishing credits in Spain through the sale to the Spanish public of government bonds. Such flotations might be successful despite the indifference of Spanish financial authorities.

<sup>6</sup> *Cong. Rec.*, p. 6359.

Criticisms of Senator Owen's proposal have been varied. One most emphasized is that made before the National Trade Council at Cincinnati by Mr. Kent of the Foreign Exchange Division under the Federal Reserve Board. Mr. Kent's position was that an unfavorable exchange retards imports, which is desirable in time of war when consumption must be reduced. In Mr. Kent's words:

An adverse exchange rate is the key to such force [curtailment of imports] and is a great regulator of trade. It puts such difficulties in the way of our imports that without other pressure we endeavor to do without them in so far as possible. . . .<sup>7</sup>

The United States, in order to carry out her part in the war, is going to be obliged to supply from her own resources and from those of many other countries of the world commodities to the value of many billions of dollars. Regardless of her great wealth, there is a positive limit to her ability to furnish such supplies. In order to win the war she must be in a position to do so for a longer period than the enemy. The length of time that she can continue to furnish needed supplies will depend upon her ability to conserve her resources.<sup>8</sup>

But may not imports from Spain be an assistance rather than a detriment in conserving our resources? There should of course be a cutting down in the consumption of those commodities not essential to the successful prosecution of the war. But many of the articles imported from Spain are necessary for war purposes, particularly those required by Pershing's army and our allies in France and Italy, and if obtained relieve the strain upon our factories, our labor, our railroads, and our shipping. For such commodities we should exert every means to make the dollar purchase as much as possible. As to unnecessary imports, their reduction can best be accomplished through the license system which operates directly, in the degree desired, and as effectively for the purchaser of large as for the purchaser of small means.

Whatever reduction of exports is desired can also be most directly accomplished by means of a license system. To the extent that exports do take place, however, they should be made to purchase as many pesetas as possible in order that the funds by means of which necessary articles of import may be bought may be the larger. Indeed, one can well understand the tenor of Senator Owen's remark that:

If it is a good thing, as Mr. Kent thinks, that the dollar should be at 30 per cent discount, as it is at present in Spain, then it would be a better thing, according to Mr. Kent, to have it at 50 per cent discount, or at 60 per cent discount, and the bigger the discount the better for the American people. It

<sup>7</sup> *Ibid.*

<sup>8</sup> *Ibid.*, p. 6358.

is a "reductio ad absurdum." The argument is false and serves Germany's interest.<sup>9</sup>

Another objection to Senator Owen's plan is indicated by the following remark of Mr. Breton, vice president of the Guaranty Trust Company of New York, before the Senate Committee on Banking and Currency:<sup>10</sup>

There is a danger in establishing branches in foreign countries of Federal Reserve Banks. They might be called abroad "Government" banks or "official" banks. Take your proposed foreign bank, with \$20,000,000 capital stock, most of which is owned by the Government—it will be really the United States Government doing business abroad, which might create very serious political considerations.

Granted the reserve bank would be thought of abroad as a government bank, would it not be all the more responsible for the avoidance of unfortunate political consequences? If it should be desirable to act through a private bank there would be nothing in the proposed bill to prevent its availing itself of any facilities a private bank might possess or any advice a private banker might grant. The private bank might not be so sensitive to such political considerations as Mr. Breton has in mind, and might be lacking in the motive or ill equipped with the weapons necessary to stabilize exchange.

Finally it is argued that anything the reserve bank could do to right exchange would be "begging money." To quote again from Mr. Breton:

Suppose that we just now wanted to raise money in Spain to pay for the purchase of provisions by General Pershing in France or Switzerland or Holland. With the Federal Reserve Foreign Bank established there, and with us going into the market, the United States Government really would be begging money from the Spanish government. I do not think we should do that. Furthermore, the probabilities are that the Bank of Spain, which is under the control of the Government, would refuse to lend us that money.

If United States bonds could be sold in Spain to private individuals would we be begging money or would they be begging our bonds? If Sweden and Denmark could be induced to grant us credits in return for our permitting them to obtain food supplies, would we be begging money or would they be begging food? Which is most depressing, to insist on loans or to permit the dollar to go begging for pesetas and fail to secure an exchange except at 40 per cent discount? And if foreign countries should refuse to grant the loans there would be the

<sup>9</sup> *Cong. Rec.*, p. 6358.

<sup>10</sup> For a newspaper account of Mr. Breton's remarks see *New York Times*, June 21, 1918, p. 15.

satisfaction that the most effective device had been utilized in the endeavor to secure them.

The merits of this controversy seem to be entirely with Senator Owen. His proposal touches the weakest aspect of American banking—the mechanism for financing foreign trade. For a country growing less provincial each day a means of holding stable the dollar exchange is indispensable. To a purely profit-seeking private bank the motives of encouraging the general interests of foreign trade may be lacking, and among private bankers there is likely to be neither the necessary unity of interest nor the possibilities of effective and harmonious action. And with the present reserve banks engrossed in the affairs of domestic industry, with no one of them specially charged with the responsibilities of furnishing credit to merchants engaged in foreign trade, some such bank as Senator Owen proposes seems necessary. For the particular matter in hand, the maintenance of the dollar at its gold par throughout the world, there seems at least to be no other effective mechanism.

H. L. REED.

*Cornell University.*

The following pamphlets have been issued on the subject of acceptances: *Acceptances*, published by the Mechanics and Metals National Bank of New York (pp. 50); *A Trade Acceptance Review*, by Lewis E. Pierson of the Irving National Bank (New York, pp. 29); *Trade Acceptance Catechism*, compiled by J. T. Holdsworth, published by the American Trade Acceptance Council (New York, Woolworth Bldg., pp. 31); *Commercial Credits through Acceptances*, an address by Albert Breton, published by the Guaranty Trust Company of New York (pp. 5); *Acceptances*, an address by W. G. Avery, also published by the Guaranty Trust Company (pp. 3).

A. Iselin & Company, 36 Wall St., New York, have issued a chart on *Economic Phases of the War*, showing daily quotations in New York during the years 1912 to 1917, inclusive, of silver, copper, wheat, cotton, and certain railroad and industrial stocks, and increases in prices of all commodities as shown by the percentage increase in the Index Numbers of the *London Economist* and *Bradstreet's*. The chart is prepared by T. W. Osterheld.

The Bankers Trust Company has issued two reports on the cost of living. The first is entitled *Report of Special Committee Appointed to Investigate Increased Living Costs* (Dec. 15, 1917, pp. 22) and the other is *Compensation for Increased Living Costs*, covering a six months



period ending June 30, 1918 (pp. 5). The first of these in particular contains useful data and helpful calculations.

A report of the committee on home economics of the Charity Organization Society of New York also deals with the question of the cost of living in a pamphlet "*My Money Wont Reach . . .*" (105 East 22d St., pp. 22). This tells "the experience of 377 self-supporting families in New York City in endeavoring to make their incomes provide the essentials for healthful living."

The Bureau of Labor of the State of Washington has published a four-page leaflet, *Comparative Statistics of Foodstuffs and Fuel for Five Years as Shown in a Budget of the Annual Cost of Living of a Family of Five Persons* (Olympia, Apr., 1918). Experts in that state have figured that the cost of food for the family of a skilled laborer should be about 40 per cent of the total cost of keeping the family.

The New England Telephone and Telegraph Company has organized a telephone workers' credit union which is described in a leaflet entitled *A Banking Institution Managed by and for Employees* (Boston, Room 105, 125 Milk St.)

The Commissioner of Rural Credits of South Dakota has prepared a pamphlet on the *South Dakota System of Rural Credits* telling how to secure a loan from the rural credit board (Pierre, pp. 8).

State banking reports have been received as follows:

*Annual Report of the Superintendent of Banks of Alabama, 1917* (Montgomery, pp. 133).

*Eleventh Annual Report of the State Bank Commissioner of Colorado, 1917* (Denver, pp. 43).

*Fifth Annual Report of the Banking Commissioner of Kentucky, 1916-1917* (Frankfort, pp. 151).

*Twelfth Report of the State Banking Department of Louisiana, 1916-1917* (New Orleans, pp. 213).

*Eighth Annual Report of the Bank Commissioner of the State of Maryland* for the period ending February 1, 1918 (Baltimore, pp. 227).

*Annual Report of the Bank Commissioner of Massachusetts* (Boston, 1918, pp. 558, ciii).

*Annual Report of the Superintendent of Banks of New York Relative to Savings Banks, Trust Companies, etc., for the year 1917* (Albany, pp. 715).

*Tenth Annual Report of the Bank Commissioner of Rhode Island, 1917* (Providence, pp. 332).

*Eleventh Annual Report of the State Bank Examiner of Washington, 1917* (Olympia, pp. 41).

### Public Finance

The Annual Report of the Secretary of the Treasury on *The State of the Finances* (Washington, 1917) contains a number of "Exhibits": acts relating to the issue of bonds; circulars of the Treasury Department in regard to liberty loans; and the war risk act with memoranda showing the terms and conditions of soldiers' and sailors' insurance.

In the Tariff Series the Department of Commerce has published No. 37, *Customs Tariff of Australia*, by L. Domeratzky (Washington, 1918, pp. 104) and No. 38, *Tariff Relations between Germany and Russia (1890-1914)* also by L. Domeratzky (pp. 23).

The Capital Issues Committee, in Circular No. 1, prints its *Rules and Regulations* (Washington, National Metropolitan Bank Bldg., June 4, 1918).

The Division of Bibliography of the Library of Congress has prepared a list of references on *Taxation of Intangible Property with Special Reference to Capital Tax* (Washington, April 24, 1918, pp. 16).

Relating to the Third Liberty Loan are the following brief documents: *Hearings before the House Committee on Ways and Means* (65 Cong., 2 Sess., Mar. 27, 1918, pp. 37); *Report No. 428* to accompany H. R. 11123 from the House Committee on Ways and Means (pp. 13); and *Senate Report No. 351* (Apr. 3, 1918, pp. 13).

The *Report of the Commission on Economy and Efficiency to the General Assembly* of Virginia contains chapters on the budget system and supervision of accounts (Richmond, Jan. 9, 1918, pp. 67).

The city comptroller of Rochester has published a pamphlet entitled *1918 Budget of the City of Rochester, N. Y.* (pp. 47), a digest showing the procedure followed in the formulation and adoption of the budget.

Bankers Trust Company, of New York, has issued a pamphlet *What is my Share of the Cost of the War?* (pp. 11) designed to show the proportion which a given income bears to the total requirements of the government.

The Guaranty Trust Company has prepared two pamphlets: *War Loans of the United States and the Third Liberty Loan* (pp. 23); and *War Finance Corporation Act* (pp. 52).

The National City Bank of New York has compiled a useful summary on *United States Government Financing from 1791 to 1918* illustrated by charts (pp. 38); and *Internal War Loans of Belligerent Countries. Also Consolidation Loan of Spain and Mobilization Loans of Switzerland and Holland* (pp. 144).

The New York Tax Reform Association (29 Broadway) summarizes in Circular No. 576 *The Bill to Limit Rate on Real Estate and Tax All Personal Property in the City of New York*; in Circular No. 577, *Double Taxation and Listing System for Personal Property Proposed by City Administration*; and in Circular No. 578, *Tax Legislation, State of New York, 1918*.

The Tax Commission of Kansas has compiled *Laws Relating to Assessment and Taxation in Kansas* (Topeka, Aug., 1917, pp. 141); also *Revised Instructions to be Observed in the assessment and equalization of property, both real and personal, for the purposes of taxation* (1918, pp. 136); and has published the *Proceedings of the Sixth Biennial Conference Convention* of the tax commission and the county assessors of the state of Kansas, held at Topeka, December 10 and 11, 1917 (pp. 102).

Reports of conferences have been received as follows:

*Report of the Proceedings of the Seventeenth Annual Conference of the State Board of Tax Commissioners and the County Assessors of the State of Indiana* (Indianapolis, 1918, pp. 112).

*Report and Proceedings of State Board of Equalization of Kentucky, 1917* (Frankfort, pp. 83).

*Proceedings of the Seventeenth State Conference on Taxation held in Bay City, February 27-28, 1918*, published by the Michigan State Tax Association, George Lord, secretary, Detroit (pp. 91).

*Report of the Sixth Annual Meeting of the Rhode Island Tax Officials' Association* (Providence, Bull. No. 4, April, 1918, pp. 64).

Further tax reports to be noted are:

*Report of the State Tax Commission, Kentucky, 1917* (Frankfort, pp. 28).

*Report of the Tax Commissioner of Massachusetts* (Boston, 1918, pp. 180).

*Report on State Finances and the Budget* (Massachusetts) made to the General Court by the Joint Special Committee on Finance and Budget Procedure (Boston, Jan., 1918, pp. 85).

*Seventh Annual Report of the New Hampshire State Tax Commission* (Concord, 1917, pp. 187).

*Twenty-second Annual Report of the State Commissioner of Excise of the State of New York*, vol. II (Albany, pp. 485).

*Report of the State Tax Commission of North Carolina* (Raleigh, 1917, pp. 405).

*Sixth Annual Report of the Board of Tax Commissioners of Rhode Island* (Providence, 1918, pp. 64).

*Third Annual Report of the South Carolina Tax Commission* (Columbia, 1917, pp. 121).

*Report of the State Tax Board of Virginia, 1916-1917* (Richmond, 1918, pp. 79).

*First Annual Report of the Statistics of Municipal Finances of Wisconsin* (Madison, 1917, pp. 118).

The Commissioner of Taxes of Vermont has prepared a 1918 edition of *General Tax Laws of the State of Vermont* (pp. 54) and also *Questions and Answers Relating to General Tax Laws* (Montpelier, pp. 46).

### Insurance and Pensions

THE WORKMEN'S COMPENSATION SERVICE BUREAU. The Insurance Department of the State of New York has published a special report which gives a bird's-eye view of the business of liability and compensation insurance. (*Report on Examination of the National Workmen's Compensation Service Bureau*, Albany, 1918, pp. 59). This bureau is an unincorporated association of twenty casualty insurance companies, organized for the purpose of establishing and maintaining rates for compensation and liability insurance, compiling experience statistics, supervising underwriting practices, and regulating commissions in the United States. Membership is open to companies engaged in liability or workmen's compensation insurance. Mr. A. W. Whitney, formerly of the University of California, is the general manager.

The bureau was organized in 1910 and has gone through several reorganizations since that date. Its history is of special interest as an effort to keep the competition between the companies within reasonable limits and to maintain adequate rates in spite of competition. This problem of rate making has, of course, been the most important feature of the bureau's work. At first, a separate manual of rates was constructed for each state, but this plan was superseded in 1914 by a basic manual with a system of basic pure premiums, modified by a schedule of differentials for the various states. The 1914 manual was revised in 1915 and in 1917, in each case experience having shown that higher rates were necessary.

Under the 1917 manual, the basic pure premium is modified by the following factors: (1) law differential; (2) factor for underestimate of outstanding losses; (3) factor for increasing claim cost; (4) factor for presence of occupational diseases; (5) variation due to merit rating, *i.e.*, schedule rating and experience rating; (6) loading for management expenses; (7) loading for profit; (8) loading for catastrophe hazard. All of these factors are combined into a so-called "chain multiplier" for each state, which, applied to the basic pure premium, gives the rate for any state.

The law differential is perhaps the most interesting of these items, as it shows what experts consider to be the relative amount provided by the various state laws to an injured workman. Thus the original Massachusetts act is rated as 1.00, while the act which became effective in 1917 is rated at 1.57; the highest rating is given to the New York act with 1.89, while the Vermont act, with 0.87, is the lowest.

The factor for increasing claim cost arises from the necessity of considering the tendency of claim cost of workmen's compensation to increase normally as the age of the law increases, and at the present moment there is an abnormal increase due to causes connected with the war. The normal increase in compensation costs is due to the gradual "liberalization" of attitude on the part of the bodies which administer the laws and to the fact that as workmen become better acquainted with the laws they submit more claims, demand better medical and surgical attendance and insist upon longer periods of convalescence. There is also some malingering to be expected. For the first year of an act, this factor is rated at 0.95, rising at about 5 per cent annually until the fifth year, when it is 1.14. A distinct increase in compensation costs has been caused by the present disturbed labor conditions and new untrained employees. For New York and states where similar conditions prevail, the increase factor has added to it 15 per cent; in the third year of a law, the normal increase is 1.10, to which is added .05, making a total of 1.15 for this factor at present.

The loading for management expenses is fixed at from 36 to 42.5 per cent; for profit, at 5 per cent of capital; and for catastrophe hazard, a loading of two cents flat per \$100 of payroll in New York and one cent elsewhere.

After the rates have been constructed on this plan, they are applied to individual risks by variations based on merit rating. The two systems of schedule rating and experience rating are used and the recent developments in this field are of unusual interest.

One closes the reading of the report with the impression that the

excellent work of the bureau has been effective only when the power of the state has been available to give force to its advice and conclusions. One is also inclined to wonder whether it is worth while to permit private corporations to continue to operate in this field.

HENRY J. HARRIS.

SICKNESS INSURANCE AND EMPLOYERS' ASSOCIATIONS. The National Industrial Conference Board, a federation of employers' associations, has just published a pamphlet which may be considered an official statement of the employers' attitude on the question of health insurance (*Sickness Insurance or Sickness Prevention?* Research Report No. 6. Boston, 1918, pp. 24, 50 cents.)

The report first gives, in summary form, a short statement of the prevalence of physical defects and disabilities, using the data gathered by the Metropolitan Insurance Company, the recent reports on the recruits under the draft law, and other available information. The vital concern of industry in the problem is emphasized. The possibility of preventing these diseases and physical defects is shown by experience with such diseases as typhoid fever, tuberculosis, etc. Attention is then directed to the unfavorable results of European system of sickness insurance by citing the increase in the number of cases and duration of cases of sickness in Germany and Austria. The argument is brought to conclusion by stating that prevention of sickness is the antithesis of insurance.

This representative group of employers' associations will therefore oppose any plan for a system of sickness insurance on the ground that such a plan does nothing towards preventing sickness, that "the history of European sickness insurance disbursements strongly suggests a widespread and growing disposition on the part of the unscrupulous to profit at the expense of the honest" (p. 16) and that better results can be secured at less cost by a systematic campaign of prevention. An exhaustive investigation of the whole problem of national health by some federal body such as the Public Health Service should be undertaken before sickness insurance is considered. The opposition will, therefore follow the traditional procedure.

H. J. H.

GERMAN ACCIDENT AND INVALIDITY INSURANCE IN 1916. The operations of the German systems of accident and of invalidity insurance in 1916 are reported in a recent issue of the *Ämtliche Nachrichten des Reichsversicherungsamts* (Jan. 15, 1918). The accident insur-

ance system shows the effect of the war both in the reduction in the number of persons insured and in the increase in certain of the accident rates. Assuming 1913 to be a normal year, the average number of persons in industries insured fell from 11,454,963 in 1913 to 8,485,852 in 1916; expressed in terms of 300-day workers, the numbers were 10,260,921 and 7,683,988 respectively. Of more interest are the accident rates; per thousand 300-day workers, the accidents resulting in death were 0.71 in 1913 and 0.95 in 1916; total permanent disability 0.05 and 0.05; partial permanent disability 2.40 and 2.61; temporary disability 4.61 and 4.28. In other words, the fatalities are distinctly higher, the permanent total disablements are unchanged, the permanent partial disablements are higher and the temporary disablements are lower. These figures do not include agriculture.

The invalidity (including old age) and survivors' insurance operations were affected to a marked degree by the law of June 12, 1916, which reduced the old age limit from 70 to 65 years. There is of course a large increase in the expenditures for orphans' pensions.

The income from contributions of the insured was 262,758,703 marks in 1913 and 201,322,453 marks in 1916; the expenditures for pensions were 187,861,831 marks in 1913 and 251,731,698 marks in 1916. The growth of the assets of all the insurance carriers shows a striking decrease during this period of increased expenditure; in 1913 the assets were 176,396,231 marks greater than the preceding year, while in 1916 they were 73,802,287 marks greater than the preceding year. The costs of administration have steadily increased; in 1913 they were 68 marks per 1,000 marks of total income and in 1916 had grown to 82 marks. The report states that large subscriptions to war loans had been made, but in spite of this the increase in the rate of interest on the investments had only been from 3.65 per cent in 1913 to 4.03 per cent in 1916.

The contributions of the insured are based on the wages received; there was a marked increase in the proportion of persons in the higher wage classes.

H. J. H.

### Demography

*Hearing before the Committee on the Census, House of Representatives* (Washington, 65 Cong., 2 Sess., Feb. 20, 1918, pp. 259) relates to a bill to provide for the fourteenth and subsequent decennial censuses.

The Bureau of Foreign and Domestic Commerce has issued the 1917 edition of the *Statistical Abstract of the United States* (pp. 804).



Among recent pamphlets relating to health conditions are the following:

*A Health Census of Chelsea Neighborhood, 14th to 42d Streets, 5th Avenue to the Hudson River, New York City*, a community sickness survey conducted by the Metropolitan Life Insurance Company (New York, pp. 60).

*Sickness Survey of Pittsburgh, Pennsylvania*, by L. K. Frankel and L. I. Dublin (Metropolitan Life Ins. Co., 1917, pp. 22).

*A Health Census of Kansas City, Missouri*, also by L. K. Frankel and L. I. Dublin (pp. 11).

Framingham Monograph No. 2, Medical Series, 1, *The Sickness Census*, published by the Community Health Station, Framingham, Mass. (1918, pp. 24).

## PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

### Theory

(Abstracts by Arthur N. Young)

- BELL, S. *Fixed costs and market price.* Quart. Journ. Econ., May, 1918. Pp. 17. Differences in fixed costs are more significant in determining the character of competition than is usually realized.
- CARVER, T. N. *A theory of interest.* Quart. Journ. Econ., May, 1918. Pp. 2. Review of Hoag's *A Theory of Interest.*
- COOLEY, C. H. *Political economy and social process.* Journ. Pol. Econ., Apr., 1918. Pp. 8. Criticises current economic doctrine as being non-ethical and non-evolutionary.
- FOREMAN, C. J. *Legal theories of profit.* Pol. Sci. Quart., June, 1918. Pp. 25. An examination of definitions of the term "profit" in decisions of American courts.
- GEORGE, W. H. *Economic and social forces in war.* Am. Journ. Soc., May, 1918. Pp. 6. New forces of socialization and idealization have been set in motion by the war.
- GRASSERIE, R. DE LA. *Des rapports entre la sociologie et la geographie.* Rev. Intern. de Soc., Sept.-Oct., 1917.
- HAMILTON, W. H. *The place of value theory in economics.* I, II. Journ. Pol. Econ., Mar., Apr., 1918. Pp. 28, 32. An essay on the scope and aims of economic thought. Concludes that "value theory" so-called, will probably tend to become less dominant in the field of economics.
- KLEENE, G. A. *The supply price of labor.* Quart. Journ. Econ., Feb., 1918. Pp. 4. Comments suggested by Professor Taussig's review of the writer's *Profit and Wages.*
- LEVY, S. L. *Nassau, W. Senior, British economist, in the light of recent researches.* I, II. Journ. Pol. Econ., Apr., May, 1918. Pp. 18, 26. The writer has discovered unpublished Senior manuscripts which shed additional light upon Senior's economic views.
- LOOS, I. A. *Historical approach to economics.* Am. Econ. Rev., Sept., 1918. Pp. 16.
- MITCHELL, W. C. *Bentham's felicific calculus.* Pol. Sci. Quart., June, 1918. Pp. 22. Bentham used consistently the doctrines of human behaviour accepted in his time, but present thinking in the social sciences is confused by partial retention of Benthamism after current psychology has discredited it.
- MITCHELL, W. C. *Kleene's "Profit and Wages."* Pol. Sci. Quart., June, 1918. Pp. 2. A review.
- ROGERS, A. K. *A method of distributive justice.* Intern. Journ. Ethics, Apr.,

1918. Pp. 18. The most promising solution is some form of "non-paternalistic profit-sharing" between employer and employee.

### Economic History, United States

(Abstracts by E. L. Bogart)

BRADLEE, F. B. C. *The Salem iron factory*. Hist. Coll. of Essex Inst., Apr., 1918. The factory described was built in 1796.

BRADLEE, F. B. C. *The Boston and Lowell Railroad, the Nashua and Lowell Railroad, and the Salem and Lowell Railroad*. Hist. Coll. Essex Inst., Apr., 1918. Pp. 34. An account of these roads during the thirties and forties.

CRANE, R. N. *Recent eugenic and social legislation in America*. Eugenics Rev., Apr., 1918. Pp. 6.

CUNNINGHAM, C. H. *The organization of our Latin-American trade*. Texas Rev., Apr., 1918. Pp. 17. Past achievements and possibilities of the future.

DICKINSON, T. H. *A year of food administration*. N. Am. Rev., July, 1918. Pp. 11. A discriminating analysis of a highly successful work.

DODD, W. E. *The social philosophy of the old South*. Am. Journ. Sociol., May, 1918. Pp. 12. Describes the social philosophy developed to justify slavery.

FULLBROOK, E. S. *Relief work in Iowa during the Civil War*. Iowa Journ. Hist. & Pol., Apr., 1918. Pp. 120. An account of the work of the U. S. Sanitary Commission, of the U. S. Christian Commission, and of other organizations in Iowa.

GILMAN, D. F. *In the good old days before the "H. C. L."* Mag. of Hist., Sept.-Oct., 1917. Pp. 4. Extracts from a family account book in 1816.

HOLMES, D. O. W. *Fifty years of Howard University*. Journ. Negro Hist., Apr., 1918. Pp. 11. Covers the first decade from 1867 to 1877.

JEFFERSON, M. *Our trade in the great war*. Geog. Rev., June, 1917. Pp. 7. Our trade before the war and the effect of the war upon it.

KEIR, M. *Some influences of the sea upon the industries of New England*. Geog. Rev., May, 1918. Pp. 6. Access to the sea had an important influence.

LEE, J. F. *Transportation. A factor in the developemnt of northern Illinois previous to 1860*. Journ. Ill. State Hist. Soc., Apr., 1917. Pp. 70. Considers river transportation, plank roads, and railroads.

MAUBER, W. *A historical sketch of Tell City*. Ind. Mag. Hist., June, 1918. Pp. 26. An account of life in an Indiana town founded by the Swiss Colonization Society in 1858.

MERRILL, W. S. *Catholic authorship in the American colonies before 1784*. Cath. Hist. Rev., Oct., 1917. Pp. 18. An effort to list all such books.

NEWHALL, W. M. *Agricultural progress in California*. Univ. of Cal. Chronicle, Apr., 1918. Pp. 5. An address upon the dedication of an agricultural building at the University of California.

PEASE, Z. W. *The brave industry of whaling*. Americana, Jan., 1918.

- PYLE, J. G. *James J. Hill*. Minn. Hist. Bull., Feb., 1918. Pp. 29. A well written appreciation and estimate of Mr. Hill's life and services, by a personal friend.
- RAIT, R. S. *British writers on the United States*. Quart. Rev., Apr., 1918. Pp. 15. The fourth article in this series, dealing with the first third of the nineteenth century.
- ROTH, L. V. *The growth of American cities*. Geog. Rev., May, 1918. Pp. 15. Traces their growth from 1790 to 1917, and shows that in different periods the growth varied in different geographic regions.
- SHETRONE, H. C. *The Indian in Ohio, with a map of the Ohio country*. Ohio Archeol. & Hist. Quart., July, 1918. Pp. 237.
- STREETER, F. B. *History of prohibition legislation in Michigan*. Mich. Hist. Mag., Apr., 1918. Pp. 20. Covers the period from 1890 to date.
- THOMPSON, W. M. *When Washington toured New England*. Mag. of Hist., Sept.-Oct., 1917. Pp. 8. Eighth instalment of this account.
- TRABUE, C. C. *The voluntary emancipation of slaves in Tennessee as reflected in the state's legislation and judicial decisions*. Tenn. Hist. Mag., Mar., 1918. "The natural trend of public opinion was toward amelioration."
- WATERS, H. J. *The development of the Philippine Islands*. Geog. Rev., Apr., 1918. Pp. 11. An account of the agricultural conditions and possibilities of the islands. The author concludes that their development is "very far from a state."
- WHITBECK, R. H. *The influence of geographical environment upon religious beliefs*. Geog. Rev., Apr., 1918. Pp. 9. Deals with religions in the middle stages of human culture.
- WHITE, M. J. *Populism in Louisiana during the nineties*. Miss. Valley Hist. Rev., June, 1918. Pp. 17. Gives more attention to political than to economic aspects of the movement.
- WRIGHT, H. F. *Origin of American aborigines: a famous controversy*. Cath. Hist. Rev., Oct., 1917. Pp. 19. A review of seventeenth century literature on the subject. Decisive evidence is still wanting for a determination of the question.
- Economic conditions of winning the war*. Pro. Acad. Pol. Sci., Feb., 1918. Pp. 170. Covers the following topics: industrial coördination, transportation, shipping, and aircraft production, relations of labor and capital, welfare of soldiers and sailors.
- Fixing prices in 1775*. Mag. of Hist., Sept.-Oct., 1917. Pp. 7. Extracts from records of the town of Longmeadow, Massachusetts.
- Mobilizing America's resources for the war*. Ann. Am. Acad., July, 1918. Pp. 210. Covers the following topics: mobilizing the population, national health as a factor in national efficiency, labor efficiency, the making of a war budget, the food problem, and the mobilization of the public mind.

## Economic History, Foreign

(Abstracts by Clive Day)

- BONUCCI, A. *Imperialismo luterano*. Riv. Ital. di Sociol., Mar., 1918. Pp. 24. An attempt to show certain connections between German imperialism and the protestantism deriving from Luther.
- DRAGE, G. *Pre-war statistics of Poland and Lithuania*. Journ. Royal Stat. Soc., Mar., 1918. Pp. 91. Covers population, agriculture, industry, commerce and communications, credit and finance. Contributes substantial material for the study of present problems.
- EASLEY, R. M. *German claims to economic and social superiority tested by known facts*. Econ. Wld., Apr. 13, 1918. Pp. 3.
- FALCK, E. *Notre avenir économique*. Réf. Soc., Apr., 1918. Pp. 11. Largely concerned with the problem of internal waterways.
- FAURE, F. *Le devoir d'économie plus impérieux que jamais*. Musée Soc., Mem. & Doc., Mar., 1918. Pp. 18.
- FESTY, O. *Sismondi et la condition des ouvriers français de son temps*. Rev. d'Econ. Pol., Jan.-Feb., 1918. Pp. 26. Sismondi's doctrine in relation to the facts. To be continued.
- FRANK, T. *Some economic data from CIL, Volume XV*. Classical Philology, Apr., 1918. Pp. 13. An interesting contribution on the Roman economic organization, based on the trade-marks and signatures on articles of metal, clay, and glass; published in vol. XV of the Corpus of Latin inscriptions.
- JEVONS, H. S. *The art of economic development*. Part I. Indian Journ. Econ., Jan., 1918. Pp. 64. The first of a series of articles discussing the future of British India, with regard to economic principles and policy. A substantial and suggestive study.
- LATTES, A. *Per la storia dei prezzi a Venezia*. Rif. Soc., Mar.-Apr., 1918. Pp. 12. A reproduction of a record of personal expenditures in Venice in the thirty-two years beginning with 1763.
- RICHARDS, H. J. *The political and financial condition of Mexico*. Finan. Rev. of Rev., Mar., 1918. Pp. 8. The author was recently British consul general for Mexico.
- La situation financière et économique du Japon*. L'Econ. Moderne, Apr. 9, 1918. Pp. 3.

## Agricultural Economics

(Abstracts by A. J. Dadisman)

- AGUET, J. *Cosa dobbiamo coltivare?* Rif. Soc., Oct., 1917. Pp. 26. A critical survey of the conditions of cultivation of the leading Italian products with reference to regional fitnesses for agriculture.
- AMILON, J. A. *Forestry in Sweden*. Intern. Rev. Sci. & Practice of Agri., Nov., 1917. Pp. 13. A concise account of the development and administration of forests in Sweden.

- BATTISON, W. J. *Annual wool review for 1917*. Bull. Nat. Assoc. Wool Mfrs., Nov. 1, 1918. Pp. 63. A comprehensive statistical study of the world's production, prices and movement of wool in 1917 with comparisons of former years.
- BICKERDICK, C. F. *Economics and the new agricultural policy*. Econ. Journ., Dec. 1917. Pp. 15. An argument in favor of state action in determining our agricultural policy.
- BLAKEY, R. G. *Forecasting yield and price of cotton*. Annalist, May 6, 1918. Pp. 2. A discussion of the value of Professor Moore's forecasting yields from weather reports.
- BOYLE, J. E. *The agrarian movement in the Northwest*. Am. Econ. Rev., Sept., 1918. Pp. 17.
- CLARK, W. C. *Wheat and the war—in Canada*. Modern Business, Oct.-Dec., 1918. Pp. 17. A discussion of the wheat situation in Canada and the machinery for handling it.
- ELY, R. T. *Private colonization of land*. Am. Econ. Rev., Sept., 1918. Pp. 27.
- FINCH, V. C., BAKER, O. E., and HAINESWORTH, R. G. *A graphic summary of world agriculture*. Yearbook Dept. Agri. (1916). Pp. 23. A comparison of the acreage and production of the principal crops of important countries of the world with maps and charts showing the comparisons graphically.
- GREEN, F. E. *Agriculture and the minimum wage*. Nineteenth Cent., Sept., 1917.
- HALLOWELL, J. W. *The food situation*. Stone & Webster Journ., Apr., 1918. Pp. 11. The organization of the American food administration, its accomplishments and the present food situation.
- JENNESS, O. B., and KERR, W. H. *Coöperative purchasing and marketing organizations among farmers in the United States*. U. S. Dept. Agri. Bull. 547, Sept., 1917. Pp. 82. A discussion of the development and forms of co-operative organizations; statistical data by states, and a digest of state co-operative laws.
- JOHNSON, O. R., and GREEN, R. M. *Farm management (in Missouri)*. Missouri Station Bull. 147. June, 1917. Pp. 3. A summary showing partial results of farm management surveys and cost accounting in Missouri.
- JOHNSON, O. R., and FOARD, W. E. *Size of farm business*. Missouri State Bull. 140, Apr., 1916. Pp. 40. A popular bulletin with tables and illustrations showing relation of size of farm business to profits and efficiency in operation.
- KAARSEN, A. C. *Ententens Ernäringsproblem*. Nat. Oek. Tids., May-June, 1917. Pp. 45. A critical investigation of the food problem of the Allies—conclusion not optimistic.
- KIES, W. S. *Necessary considerations in connection with the development of our export trade*. Econ. Wld., Oct. 13, 1917. Pp. 5. A statistical study of the chemical industry and a discussion of export trade after the war.

- KRISTENSEN, K. J. *Ernæringsvanskeligheder og Kornordning i Schweiz*. Nat. Oek. Tids., July-Oct., 1917. Pp. 10. Sketches Swiss methods of securing and husbanding food supplies.
- KRISTENSEN, K. J. *Jordeurderingen 1916*. Nat. Oek. Tids., Nov.-Dec., 1917. Pp. 22. A study of the methods and results of government investigations of land values in Denmark.
- LEISENBERG, W. M. *Mobilizing and distributing farm labor in Ohio*. Mo. Rev. U. S. Bur. Labor Stat., Apr., 1918. Pp. 11. Detailed methods of "mobilizing and distributing farm labor in Ohio."
- McFALL, R. J. *Canada's opportunity for export of food*. Mo. Bull. Agri. Stat., May, 1918. Pp. 14. An argument in favor of the production of animal products and cereals for export, with several charts.
- MACCLIN, T. *The marketing of Kansas butter*. Kansas State Bull. 216, Apr., 1917. Pp. 79. A technical bulletin with many tables and charts.
- NOURSE, E. G. *The cheapest source of increased food supplies*. Sci. Monthly, Feb., 1918. Pp. 8. A practical discussion of adaptation of crops and methods to natural conditions.
- ORWIN, C. S. *The net output from agriculture and its distribution*. Journ. Board of Agri., May, 1917. Pp. 4. A statistical study of agriculture production per man and distribution of returns in Great Britain.
- PALMIERI, P. A. *Il problem agrario in Russia e la sua soluzione socialista*. Riv. Intern., Mar., 1918. Pp. 13.
- REW, SIR. R. H. *The prospects of the world's food supplies after the war*. Journ. Royal Stat. Soc., Jan., 1918. Pp. 23. A carefully prepared statement of present conditions and those likely to obtain at the close of the war as regards food supplies, with tables on Great Britain.
- RONCHETTI, F. *La guessa ed il patrimonio forestale*. Rif. Soc., Nov.-Dec., 1917. Pp. 9. Thus far at least the great war demands for lumber in Italy have not seriously reduced the standing timber.
- SHERMAN, H. C. *The food supply of Russia*. Pol. Sci. Quart., June, 1918. Pp. 20. A detailed study of food production and the requirements of the people of Russia.
- SLATER, G. *The study of rural economics in south India*. Indian Journ. Econ., Jan., 1918. Pp. 16. An explanation of the survey method of studying a village with exhaustive outline.
- SMITH-GORDON, L. *Agricultural organization in Ireland*. Econ. Journ., Sept., 1917. Pp. 9. Activities of the Irish Agricultural Organization Society and affiliated organizations.
- SPILLMAN, W. J., and GOLDENWEISER, E. A. *Farm tenantry in the United States*. Yearbook U. S. Dept. Agri., 1916. Pp. 26. A study of farm tenantry in different sections of the United States, explaining changes in tenure and defects in our system.
- STODDARD, C. F. *Progress of food and fuel control in the United States*. Mo.



- Rev., U. S. Bur. Labor Stat., Nov., 1917. Pp. 25. A summary of the accomplishments of the food and fuel control measures and methods of their administration.
- TAYLOR, A. E. *The limiting factors in the food supply of the nation at war*. Johns Hopkins Univ. Circ. No. 302. Feb., 1918. Pp. 20. A comprehensive discussion of the influences of variation in production, distribution and consumption upon each other.
- VROOMAN, C. *What American farmers have done this year*. Rev. Rev., Nov., 1917. Pp. 5. A brief summary of agricultural production and conservation in 1917.
- WARREN, G. F. *The food supply*. Pro. Eighth Annual Meeting Farm Management Assoc., Dec., 1917. Pp. 21. The present food supply of the United States, the outlook for next year, and suggested solutions of some of the food problems.
- WHEELER, H. J. *The fertilizer needs of the United States*. Quart. Journ. Econ., Feb., 1918. Pp. 28. A careful study of the needs and supply of fertilizers of the United States.
- WOLFF, H. W. *Hindrances to Indian agriculture*. Wealth of India, Jan., 1918. Pp. 3. A brief description of education, coöperation, and proper division of land as the chief needs in developing the agriculture of India.
- Agriculture and the war*. Intern. Rev. Agri. Econ., Aug., 1917. Pp. 6. An analysis of the organization for the purpose of securing maximum agricultural production in Great Britain.
- Coöperative marketing of agricultural produce*. Intern. Rev. Agri. Econ., Oct., 1917. Pp. 9. Recent developments in coöperative marketing in four provinces of Canada.
- Farmers' coöperative elevators in Minnesota*. Intern. Rev. Agri. Econ., Aug., 1917. Pp. 11. Development and cost of operating farmers' coöperative elevators in Minnesota.
- Interior colonization in California*. Intern. Rev. Agri. Econ., Sept., 1917. Pp. 8. A detailed analysis of the problems of colonization in California.
- Report of advisory committee of producers*. Weekly News Letter (U. S. Dept. Agri.), Apr. 17, 1918. Pp. 6. A brief discussion of conditions with recommendations regarding food production measures in the United States.
- A statistical enquiry into coöperative organization*. Intern. Rev. Agri. Econ., Feb., 1918. Pp. 20. A brief discussion of the development and forms of coöperative organizations in the United States with data by states from 1912 to 1915.

### Railways and Transportation

(Abstracts by Julius H. Parmelee)

- BAKER, J. E. *Railway car conservation in China*. Far Eastern Rev., May, 1918. Pp. 3.
- BELNAP, H. W. *The importance of organized safety work*. Ry. Age, May 10, 1918. Pp. 3.

- BRADFORD, E. A. *Railways, waterways, and highways*. Annalist, May 20, 1918. Pp. 2. Rivals rather than competitors.
- COLE, A. B. *Electric railways are in a position to handle more freight*. Elec. Ry. Journ., May 11, 1918. Pp. 32. Digest of joint report, with the War Board of the American Electric Railways Association, on freight carrying facilities of electric roads.
- DAGGETT, S. *Recent railroad failures and reorganizations*. Quart. Journ. Econ., May, 1918. Pp. 41.
- DUNN, S. O. *The horns of our railway dilemma*. Nation's Business, May, 1918. Pp. 2. To offset equipment shortage, there must be greater efficiency in utilization and emphasis on essential traffic.
- EDES, W. C. *Government railroad building in Alaska*. Pro. Pacific Ry. Club, May, 1918. Pp. 6.
- FREUND, S. H. E. *The problems of the short line railroads*. Ry. Age, May 10, 1918. Pp. 3.
- GOOD, E. T. *Canals and the inland transport problem*. Finan. Rev. Rev., Mar., 1918. Pp. 13.
- HULL, H. *What constitutes unjust discrimination in railroad rates?* Case & Comment, Apr., 1918. Pp. 6.
- JACKMAN, W. T. *The Canadian railway situation*. Traffic Wld., June 29, July 6, 1918. Pp. 4, 5.
- JOHNSON, A. B. *Cutting our locomotives to one pattern*. Nation's Business, May, 1918. Pp. 2. The problem of standardization.
- KATES, E. J. *The actuary theory of depreciation of physical property values*. Ry. Age, May 3, 1918. Pp. 3.
- LISMAN, F. J. *The future of the railroads of the United States*. Ry. Age, July 12, 1918. Pp. 4. Proposes regional system under private ownership, with government representation.
- MEARS, F. *Construction progress on the Alaskan railroad*. Ry. Age, June 21, 1918. Pp. 3.
- NOUVION, G. DE. *Les chemins de fer français en 1917*. Journ. des Econ., May 15, 1918. Pp. 16.
- NOXON, F. W. *Is it wise to unify the railways nationally?* Ry. Age, July 12, 1918. Pp. 2.
- PARKER, F. E. *Effect of railway nationalization on wages, hours, and transportation rates*. Mo. Rev. U. S. Labor Stat., May, 1918. Pp. 22.
- PAYEN, E. *Les compagnies françaises des chemins de fer en 1917*. I. *Les recettes brutes*. II. *Les dépenses et les recettes nettes*. L'Econ. Franc., May 18, June 1, 1918. Pp. 3, 3.
- RHEA, F. *The Chinese and Japanese railways compared*. Ry. Age, June 28, 1918. Pp. 3.

- ROBERTS, J. W. *The passenger car distributor and his war job.* Ry. Age, May 3, 1918. Pp. 2.
- SIKES, G. C. *Chicago, North America's transportation center.* Rev. Rev., Mar., 1918. Pp. 8.
- SISSON, F. H. *Laying the rails for future business.* Invest. Wkly., Apr. 27, 1918. Pp. 3.
- THUREAU, J. *Les chemins de fer en Syrie et en Palestine.* Rev. Pol. & Parl., June 10, 1918. Pp. 25, map.
- VAN METRE, T. W. *The new railroad problem.* Traffic Wld., Apr. 20, 27, May 11, 18, June 7, 1918. Pp. 3, 3, 5, 2, 3.
- WALLACE, J. F. *The question of the terminals.* Nations's Business, May, 1918. Pp. 3.
- WATERMAN, R. *U. S. A. lines to all points.* Nation's Business, June, 1918. Pp. 3. Plans and policies of the U. S. Railroad Administration.
- WHEELER, H. A. *Rails.* Nation's Business, May, 1918. Pp. 2. The national welfare is the only criterion for the transportation industry.
- WRIGHT, R. V. *Our railroads under government control.* Wlds. Wk., July, 1918. Pp. 5.
- Americanization of railway labor.* Ry. Rev., May 11, 1918. Pp. 3. Efforts of the Pennsylvania railway system.
- A billion dollars for capital improvements.* Ry. Age, May 24, 1918. Pp. 5. Summary of railway extension and improvement budgets for 1918, approved by U. S. Railroad Administration.
- Four express companies to be consolidated.* Ry. Age, June 7, 1918. Pp. 6. Consolidated corporation operates privately, does business under definite contract with U. S. Railroad Administration and shares profits above 5 per cent on stock with the government.
- Freight and passenger rates increased.* Ry. Rev., June 1, 1918. Pp. 4.
- The great work of American railroad men in France.* Scribner's, July, 1918. Pp. 11. Illustrated.
- Italian railways under government management.* Ry. Age, May 3, 24, 1918. Pp. 3, 3.
- The railways of Manchuria and Korea.* Far Eastern Rev., Apr., 1918. Pp. 11. With maps and illustrations.
- Report of the Railroad Wage Commission.* Ry. Age, May 17, 1918. Pp. 9. Abstract of the report.
- La situation des actionnaires et obligataires des compagnies des chemins de fer.* Le Monde Econ., Mar. 10, 1918. Pp. 2.

## Commerce

(Abstracts by H. R. Tosdal)

- BORGATTA, G. *L'adattamento al consummatore nell' espansione commerciale germanica.* Rif. Soc., Mar.-Apr., 1918. Pp. 8.

- CLARK, W. C. *Should maximum prices be fixed?* Queen's Quart., Apr.-June, 1918. Pp. 29. An argument against the fixing of maximum prices, with illustrations drawn from English, French, German, and American experience to show the economic fallacies involved.
- DONLEY, J. G. *The story of the chain stores.* Mag. of Wall St., Apr. 13, 1918. Pp. 4. Brief historical sketch of the five and ten cent stores, emphasizing financial aspect.
- DUNCAN, C. S. *The Chicago milk inquiry.* Journ. Pol. Econ., Apr., 1918. Pp. 26. A detailed account of the inquiry by the special arbitration commission for the purpose of determining the price to be charged for milk in the Chicago district, with critical review of the decision and the basis upon which it was rendered.
- MCCARTHY, C. *Coöperative meat.* New Repub., June 22, 1918. Pp. 1½. As a means for increasing meat production and bringing about better conditions for cattle producers, the development and coöperative organization and management of numerous small packing establishments is advocated in addition to the large packing centers.
- ODIN, M. A. *American economic interests in the Asiatic east.* Econ. Wld., Apr. 27, 1918. Pp. 3.
- PAYEN, E. *La soie, la hausse de ses prix.* L'Econ. Franç., Mar. 16, 1918. Pp. 3. Statistical study of the rise of raw silk prices in various markets, taking into consideration also the changes in monetary values due to the rise of silver prices.
- SWAZEY, E. S. *Benefits of free ports limited by the tariff.* Annalist, Apr. 29, 1918. Maintains that free port legislation would not bring expected benefits because many of the raw materials which enter into re-export trade are now admitted free of duty.
- TAUSSIG, F. W. *How to promote foreign trade.* Quart. Journ. Econ., May, 1918. An address delivered before the Chamber of Commerce of the United States, reviewing fundamental principles of foreign trade, and criticising unfavorably such devices for fostering export trade, as export bounties, reduced transportation rates for export business, reduced prices on goods for export, and discriminatory duties. Concludes that "we should rest competition in the international field upon the effectiveness of our industries."
- TAUSSIG, F. W. *Slender props for foreign trade.* Nation's Business, June, 1918. Pp. 2. Covers portion of above article dealing with devices for promoting foreign trade.
- WELD, L. D. H. *The right selling price.* System, May, 1918. Pp. 3. Supports the proposition that the mark-up over cost of goods should take into account not the average cost of doing business but the separate costs of distributing the particular articles.
- ZIMMERN, D. *The wool trade in war time.* Econ. Journ., Mar., 1918. Pp. 22. Survey of government regulation of the various branches of the English wool and wool textile trades up to the end of 1917.
- The fifth national foreign trade convention.* Ry. Age, Apr. 26, 1918. Pp. 4.

Brief description of the Cincinnati convention with an abstract of an address by James A. Farrell.

*The foreign commerce of Latin America, with particular reference to exports of wheat, corn, and sugar.* Econ. Wld., May 18, 1918. Reprint of article under same title in *Pan-American Bulletin*.

*Latin-American trade a gift of war.* Annalist, June 3, 1918. First of a series of articles on Latin American trade opportunities, dealing with finances, resources, and commerce of Argentina.

*Latin American trade grain and sugar exports.* Pan Am. Union, Apr., 1918. Pp. 7. Brief statistical analysis of the export trade of Latin America, dealing especially with wheat, corn, and sugar.

*The powerful foreign trade combination of Europe.* Ry. Age, Apr. 5, 1918. Asserts that we must form export combinations to maintain our foreign trade after the war in competition with German, English, and French manufactures already so organized for the after-war period.

### Accounting

(Abstracts by Martin J. Shugrue)

BELL, S. *Fixed costs and market price.* Quart. Journ. Econ., May, 1918. Pp. 17. Shows how a classification of costs different from that commonly employed will throw light on the nature of competition and the adjustment of market prices. The income account supplemented by the machine rate of modern cost accounting is the instrument of analysis used.

GANTT, H. L. *Expenses and costs.* Am. Soc. of Mechanical Engineers, 29 West 39th St., New York, Dec., 1917. Pp. 6. Paper presented at the annual meeting of the American Society of Mechanical Engineers, December, 1917. Expenses which do not contribute directly or indirectly to the production of goods should not be considered as a part of the legitimate cost of the goods.

GLASGOW, W. A., JR., and BENEDICT, L. L. A. *Discussion of the theory of depreciation.* Gas Age, May 15, 1918.

JEFFERSON, H. M. *Interest accrued receivable and unearned discount.* Bankers Mag., May, 1918. Pp. 2½. Comptroller of Currency to require all national banks to figure accruing interest daily and to credit discount only as earned, instead of crediting profits with accruing interest only after collection and crediting discounts as collected directly to profits. Process not complicated. To be continued.

JONES, A. F. *Accounting for liberty loan subscriptions.* Journ. Account., June, 1918. Pp. 6. System devised by Portland, Oregon, accountants for handling financial transactions connected with Third Liberty Loan. This campaign was conducted through direct solicitation of individual subscribers. Forms illustrated and explained.

KNOEPEL, F. J. *Fundamentals of accounting for industrial waste.* Journ. Account., May, 1918. Pp. 9. Highly developed industrial accounting goes

into great detail, revealing the cost of each individual cause or reason for inefficiency, thereby indicating the faults most urgently calling for correction.

McKAY, C. W. *Reproduction cost in industrial appraisalment*. Indus. Management, Jan., 1918. Pp. 3. Continuation of a series of articles. Seven important questions that present themselves in the appraisalment of an industrial plant.

MAGEE, H. C. *Accounting for the import divisions of a department store*. Journ. Account., June, 1918. Pp. 11. Reviews comprehensively the salient features of the accounts of the import division of a department store and illustrates with concrete examples the principles and methods involved.

PORTER, D. *The pay corps of the navy*. Journ. Account., May, 1918. Pp. 30. Reproduced from the proceedings of the United States Naval Institute, Annapolis, Maryland. Affords an excellent idea of the work done in one of the greatest and best organized of the government departments. An interesting historical sketch.

REITELL, C. *Standard accounting through price control*. Journ. Account., May, 1918. Pp. 6. A plea for uniformity and standardization in accounting systems, especially for those large industries which are rapidly coming under a greater governmental supervision.

*American Institute of Accountants, May, 1918, examination questions*. Journ. Account., June, 1918. Pp. 12. List of questions on auditing, commercial law, and accounting theory and practice.

### Investments and Securities

(Abstracts by A. S. Dewing)

CONNORS, W. T. *Shifting your bond holdings*. Mag. of Wall St., Mar. 30, 1918. Suggests lists of railway bonds of essentially same security but different net yields.

DODGE, H. J. *The war finance corporation, now and in the future*. Econ. Wld., Apr. 6, 1918. Written before present legislation. Favorable comment.

ELDERTON, W. P. *Investments a hundred years ago*. Journ. Inst. Actuaries, Apr., 1918. Experience of an old English reserve company largely with government bonds.

FLEMING, H. W., and DEBARD, D. M. *Selling securities to the small investor*. Stone & Webster Journ., May, 1918. An interesting article with special reference to campaign to sell \$100 notes of the Brockton Electric Company to working men. Also contains samples of advertising copy used in campaign.

GUERNSEY, N. T. *The financing of public utilities*. Sci. Mo., Mar., 1918. Problem serious, as new money, absolutely necessary to meet public demands, must be obtained in competitive market at increased rates, and public reluctant to pay the cost.

JONES, J. D. *How the banks will handle the sale of liberty bonds*. Banking Law Journ., Apr., 1918. Outlines the various advertising campaigns.

- LOREE, L. F. *The investment in American railroads.* Ry. Age Invest. Section, Apr. 5, 1918. Points out disadvantages of public service companies in general competition for capital. Suggests their tremendous social and economic importance warrants better public treatment.
- SPRAGUE, O. M. W. *The war finance corporation.* Ry. Age Invest. Section, Apr. 5, 1918. Does not think war finance corporation would lead to inordinate inflation. What inflation would result necessary, and would be avoided only by general drastic economy of consumption.
- STAAKS, W. *The rubber companies.* Invest. Wkly., Apr. 13, 1918.
- STILES, C. R. *The alphabet of investment.* Part I. Finan. Rev. Rev., Mar., 1918. Instructive primer of corporate finance from the point of view of English terminology.
- Public utilities must have \$105,000,000 this year.* Annalist, June 17, 1918. The title of this article is all too true, but unfortunately the article does not answer the question of, How? Workings of War Finance Corporation uncertain.
- Resolution of Board of Governors in regard to capital issues of securities.* War finance corporation act. I. B. A. of A. Bull., Apr. 9, 1918. Resolution of Investment Bankers Association of America not to deal in securities the issue of which is rejected by Capital Issues Committee.
- Selling at a loss to make a profit.* Finan. Rev. Rev., Mar., 1918. Do not hold a depreciating investment; balance loss by buying a bond at a discount, and amortization of discount will cancel original loss.
- What is an investment?* Ry. Age, Invest. Section, Apr. 5, 1918. A very short cogent answer to above.
- Yields of redeemable securities.* Journ. Inst. Actuaries, Apr., 1918. A thorough mathematical discussion.

### Corporations

(Abstracts by A. S. Dewing)

- MERCHANT, E. O. *The government and the news-print paper manufacturers.* Quart. Journ. Econ., Feb., 1918. A clear statement of history to date of efforts of government, through the Federal Trade Commission, to adjudicate between the manufacturers of paper and the American Publishers Association a "reasonable" price for paper.
- ROSENBERG, J. N. *The Sherman act and the war.* Columbia Law Rev., Feb., 1918. Suggests the tremendous social changes incidental to war, and questions course of future judicial opinion about act. Public opinion may revise spirit of act.
- STAAKS, W. *The express company merger.* Invest. Wkly., May 11, 1918. A short, rather critical, summary of present conditions of the express companies. Considers effect of stocks by government assumption of control.
- WALKER-ROBERTS. *Government operation of railroads. Legal aspects.* Ry. Age, Invest. Section, Apr. 5, 1918. Very able brief discussion of question



arising from federal control. Move justified only as "connected with the emergency." Asks questions concerning rights of bondholders: What about the conflict of judicial and executive case of roads in receivership?

WICKERSHAM, G. W. *Government control of corporations*. Columbia Law Rev., Mar., 1918. Discusses certain legal phases so far as general public policy of control is concerned.

*The nature of Massachusetts business trusts*. Yale Law Rev., Mar., 1918. Brief statement of the perennial question, In what respects are shares of Massachusetts associations, the same or different from shares of corporations? Article suggested by recent case involving double taxation.

### Public Utilities

(Abstracts by Ralph E. Heilman)

CLARK, H. C. *Recent settlement agreements*. Aera, May, 1918. An examination of street railway settlements recently effected, and of others pending, as to how far they recognize the necessity of assuring an adequate return.

HAGENAH, W. J. *Commodity prices and public utility rates*. Elec. Wld., May 18, 1918. The prediction is made that the decline in commodity prices after the war will be very slow. Therefore it is urged that rate increases now granted only for the duration of the war will prove inadequate.

IRVINGTON, R. E. *History of manufacture of gas in New York*. Record & Guide, Mar. 23, 1918. The development of the gas industry in New York City, from 1823, when gas was first introduced to the present, when there are nearly fifteen hundred miles of mains.

MCCARTER, T. N. *Relief for public utilities*. Aera, Apr., 1918. The importance of utilities to the proper conduct of the war, and the need for prompt action in order that they may strengthen their financial position.

RUGG, E. W. *Street railway grants in Illinois*. Pro. Ill. Munic. League, 1917. A description of existing street railway franchises in Illinois.

SHAPIRO, A. *History of the "skip stop."* Aera, May, 1918. Its introduction on electric railways in America, the economies effected by its use, and the benefits it confers upon the public and the company.

SHONTS, T. F. *Sociology and traction*. N. Y. Sun, Mag. Section, Mar. 10, 1918. The relationship of increased transportation facilities to the growth and movement of population.

SMITH, C. E. *The United Railways*. Journ. Engrs. Club of St. Louis, Mar.-Apr., 1918. The controversy between the city and the company, together with a description of a plan of settlement, as embodied in the new street railway franchise.

WAGNER, H. A. *The credit of public utilities*. Elec. Wld., May 4, 1918. Commission regulation with limited rate of return should be counterbalanced by elimination of risk to investors. The risk which should be eliminated is that of insufficient rates. When operating expenses increase rates should increase in commensurate degree.

- WILCOX, D. F. *Killing the goose*. N. J. Munic., Apr., 1918. Opinion regarding the application of the public service company for an advance in rates. Holds the claim rests upon "crude and incomplete figures," and insists upon the necessity for more thorough investigation, before any change in rates is permitted.
- Commerce delegates indorse utility relief*. Elec. Ry. Journ., Apr. 20, 1918. United States Chamber of Commerce, at its annual convention in Chicago, passes resolution advocating financial relief for the utilities.
- Commissions without power in New York*. Elec. Ry. Journ., Apr. 27, 1918. The New York Court of Appeals holds that the law creating the state utility commissions makes no provision for the control by the commissions of rates fixed in the franchises.
- Condition of electric utilities in the war*. Elec. Wld., Apr. 27, 1918. Certain conditions arising out of the war affect the electric utilities very unfavorably. But these are offset, at least partially, by the recognition of these utilities as "essential" industries, and by the assurance of large demands for power.
- Six cent fare permitted in St. Louis*. Elec. Ry. Journ., May 25, 1918. Missouri commission holds that a constitutional clause, requiring municipal consent for street railway operation, does not prevent the state from altering rates, during the life of the municipal franchise.
- Three cent fare dead, Cleveland presses toward six*. Pub. Service, May, 1918. The claim is advanced that the three-cent fare has produced an operating deficit on Cleveland street railways of \$2,238,589.
- Traffic study in Pittsburg*. Elec. Ry. Journ., May 4, 1918. The topographical features of Pittsburgh—the sharp changes in grade and the natural barriers around the business district—make the transportation problem difficult. E. K. Morse, transit commissioner, recommends elevated and subway lines.
- Springfield (Mass.) to have zone fares*. Elec. Ry. Journ., Apr. 6, 1918. Massachusetts Public Service Commission approves the establishment of a zone system of street railway fares for Springfield. It establishes two five-cent zones, but provides for the sale of six tickets for forty cents, good between any point in one zone and any point in the other.

### Labor and Labor Organizations

(Abstracts by George E. Barnett)

- CHENERY, W. L. *Packington steps forward*. Survey, Apr. 13, 1918. Pp. 4. The gist of the decision in the Chicago packing-house cases.
- COLE, G. D. H. *Recent developments in the British labor movement*. Am. Econ. Rev., Sept., 1910. Pp. 20.
- CONYNGTON, M. *Effect of the war upon the employment of women in England*. Mo. Rev. of U. S. Bur. of Labor Stat., Apr., 1918. Pp. 14. Summary of the more important aspects.
- CONYNGTON, M. *Women in the munition trades in Great Britain*. Mo. Rev. U. S. Bur. Labor Stat., May, 1918. Pp. 23. Sources of recruitment, wages, hours, and grievances under the munitions tribunals.

- COOK, W. W. *Privileges of labor unions in the struggle for life.* Yale Law Journ., Apr., 1918. Pp. 22. Adverse review of the reasoning of the court in the Hitchman case.
- EMMET, B. *Trade agreements in the women's clothing industries of Boston.* Mo. Rev. U. S. Bur. Labor Stat., Apr., 1918. Pp. 12. The closed shop has replaced the preferential shop.
- EMMET, B. *Trade agreements in the stove industry.* Mo. Rev. U. S. Bur. Labor Stat., May, 1918. Pp. 14.
- FAWCETT, M. G. *Equal pay for equal work.* Econ. Journ., Mar., 1918. Pp. 6.
- FRANKEL, E. *Freight handlers on passenger freight steamers on the Great Lakes.* Mo. Rev. U. S. Bur. Labor Stat., Apr., 1918. Pp. 8. Describes working conditions.
- GOLDMARK, J. *Some considerations affecting the replacement of men by women workers.* Am. Journ. Public Health, Apr., 1918. Pp. 7.
- KELLEY, F. *The war and women workers.* Survey, Mar. 9, 1918. Pp. 4.
- KNOEPFEL, C. E. *The problem of women in war industry.* Indus. Management, May, 1918. Pp. 3. Maintains that industry is not ready for a large increase in the employment of women.
- LEISERSON, W. M. *The shortage of labor and the waste of labor.* Survey, Mar. 30, 1918. Pp. 3. The disappearance of the labor surplus and wasteful employment methods are responsible for the apparent shortage of labor.
- LEISERSON, W. M. *The labor shortage and the organization of the labor market.* Survey, Apr. 20, 1918. Pp. 3.
- LOVEJOY, A. O. *The war policy of American and British labor.* New Repub., June 15, 1918. Pp. 3. Defends the position of American labor in opposing a conference.
- MARSHALL, L. C. *The war labor program and its administration.* Journ. Pol. Econ., May, 1918. Pp. 36. The history of events leading up to the appointment of the Advisory Council and an outline of the council's recommendations.
- POWELL, T. R. *The child-labor decision.* Nation, June 22, 1918. Pp. 2. Suggests the use of the taxing power to accomplish the ends desired.
- SQUIRES, B. M. *Woman street railway employees.* Mo. Rev. U. S. Bur. Labor Stat., May, 1918. Pp. 23. Describes working conditions on New York city lines.
- Governmental control of labor in Germany.* Mo. Rev. U. S. Bur. Labor Stat., Apr., 1918. Pp. 15. Text of the national auxiliary service law and rules relating to it.
- Hours of labor in relation to output in British munition factories.* Mo. Rev. U. S. Bur. Labor Stat., Feb., 1918. Pp. 6. Reprint of Memorandum No. 20 of the Health of Munition Workers' Committee.
- Labor award in packing-house industries.* Mo. Rev. U. S. Bur. Labor Stat., May, 1918. Pp. 13. Full text of Judge Alschuler's decision.

*The New South Wales strike crisis, 1917.* New S. Wales Indus. Gazette, Feb., 1918. Pp. 190. Detailed account of the causes of the strike, the mobilization of volunteers, and the settlement.

*Recent wage studies and demands of the locomotive firemen.* Mo. Rev. U. S. Bur. Labor Stat., Apr., 1918. Pp. 5. Abstract of the brief submitted by the union to the Director-General of Railroads.

*Reconstruction program of German trade-unions.* Mo. Rev. U. S. Bur. Labor Stat., Apr., 1918. Pp. 6. Text of demands formulated by the unions.

*Social reconstruction program of the British Labor party.* Mo. Rev. U. S. Bur. Labor Stat., Apr., 1918. Pp. 22. Text of draft submitted by a sub-committee of the executive.

*The war policy of British and American labor.* New Repub., June 15, 1918. Pp. 3. Editorial rejoinder to Professor Lovejoy.

*Women conductors in New York.* Elec. Ry. Journ., May 25, 1918. Pp. 7. Describes working conditions.

### Money, Credit, and Banking

(Abstracts by Chester A. Phillips)

AGGER, E. E. *The background and principles of the federal reserve system.* Mag. of Wall St., June 8, 1918. Pp. 5. First article in a series. The weaknesses of American banking before 1914 and the main features of the federal reserve system.

BARKER, D. A. *The relation between interest and discount.* Indian Journ. Econ., Jan., 1918. Pp. 5. Changes in the money supply exert only temporary influence on the rate of discount, and cause it to fluctuate round a point determined by the rate of interest.

BRADY, J. E. *Banking legislation in New York.* Banking Law Journ., Apr., 1918. Pp. 9. Minor changes proposed and in part enacted.

BRADY, J. E. *National banks and usury.* Banking Law Journ., Mar., 1918. Pp. 6. A review of a New York supreme court decision defining usury and indicating the penalty where usurious interest is taken or contracted for.

DOUCET, R. *Les operations de la Banque de France.* Le Monde Econ., Mar. 30, 1918. Pp. 3. A statistical account for 1917.

ECKHART, H. M. P. *Canadian banking in 1917.* Bankers' Mag. (London), May, 1918. Pp. 11. Banking expansion during 1917 was greater than in any previous year. The rate of increase in profits was checked by the necessity of repeated appropriations for the depreciation of securities.

EVERSQUE, M. *La chambre de compensation des banquiers de Paris.* Journ. des Econ., Apr., 1918. Pp. 8. The Paris clearing house which closed its doors at the outbreak of hostilities in 1914, remained inactive until July, 1917, when a reorganization, providing for an enlarged membership and the introduction of American methods, paved the way for a great expansion of clearing operations. Comparative statistics of Paris, London, and America clearing houses for recent years.

- FALK, O. T. *Currency and gold now and after the war.* Econ. Journ., Mar., 1918. Pp. 9. An external drain on English gold after the war would be a serious danger, threatening the rehabilitation of a free gold market, the sterling bill, and the position of London as a financial center.
- GUYOT, Y. *Le renouvellement du privilège de la Banque de France.* Journ. des Econ., Apr., 1918. Pp. 9. A favorable discussion of the provisions of the act looking toward a renewal of the charter.
- HARRISON, M. W. *Resumé of bank taxation in states.* Journ. Am. Bankers Assoc., June, 1918. Pp. 7.
- HARDING, W. P. G. *The importance of improved methods of financing the American cotton crop.* Econ. Wld., June 8, 1918. Pp. 2. Points out advantages to cotton buyers and lending banks of bank acceptances used in financing domestic cotton shipments.
- HASKIN, F. J. *Growth of the farm loan.* Banking Law Journ., June, 1918. Pp. 4. During the first year of actual operation of the federal land banks 3003 national farm loan associations were chartered, chiefly in the South and West. Loans of a round \$100,000,000 were made at rates of 5 and  $5\frac{1}{2}$  per cent.
- HAWTRY, R. G. *The bank restriction of 1797.* Econ. Journ., Mar., 1918. Pp. 12. Currency and financial conditions in England, 1797-1819.
- HERRICK, M. T. *The savings bank and the future.* Econ. Wld., June 8, 1918. Pp. 4. Private savings banks must resist competition with the increasing number of federal savings depositories through resort to intensive and aggressive educational work.
- JAY, P. *A national necessity: state institutions in the reserve system.* Trust Companies, Apr., 1918. Pp. 3. Payment of no interest on balances kept with the federal reserve banks is the only remaining objection to membership in the system, which must be sufficiently strong to meet instantly the steadily increasing demands.
- JONES, B. *A further discussion of state banks and trust companies entering the federal reserve system.* Trust Companies, May, 1918. Pp. 10. Deals chiefly with such objections to entering the system as loss of interest on reserve accounts, of collection income, and the restriction of business relations of directors and officers of member banks and trust companies.
- KENT, F. I. *Control of foreign exchange and enemy funds.* Trust Companies, Mar., 1918. Pp. 3. An outline of our system of international financial censorship.
- MERSHON, L. A. *Trust company activities.* Banking Law Journ., Apr., 1918. Pp. 7. Based on replies to questionnaire concerning the way in which trust companies fill vacancies caused by the war and what they do for their employees in the service.
- MORELLI, D. *Il corso forzoso in Italia quale fattore di protezione industriale.* Rif. Soc., Mar.-Apr., 1918. Pp. 44. The effects of an inconvertible paper circulation (and of its abolition) upon industry in Italy during the period 1893-1900.

- MOULTON, H. G. *Commercial banking and capital formation*. I, II. May, June, 1918. Pp. 25, 25. (1) Criticises the prevailing treatment of the functions of commercial banks. (2) Commercial banks, through their non-commercial activities, promote the development of fixed capital.
- RIST, C. *La Banque d'Angleterre et l'act de Peel en aout 1914*. Rev. d'Econ. Pol., Mar.-Apr., 1918. Pp. 5. The advantage taken by the Bank of England of the authorization to suspend the bank act since 1914.
- ROLLAND, L. *Les cheques et comptes courants postaux*. Rev. Sci. Legis. Finan., Jan., Feb., Mar., 1918. Pp. 20. Conditions that prompted the legislation of 1918 providing for the creation of a postal check and current account service and an outline of the system.
- TINNES, D. J. *The market gage dollar*. Am. Econ. Rev., Sept., 1918. Pp. 4.
- WILDMAN, M. S. *Relation of the state banks to the federal reserve system*. Journ. Am. Bankers Assoc., June, 1918. Pp. 2. A logical appeal to the state banks of California to join the federal reserve system.
- Should the bank act be repealed?* Bankers' Mag. (London), Mar., 1918. Pp. 6. The situation calls for a careful survey of all questions bearing upon the flexibility and adaptability of the English banking system.
- The London clearing house: jubilee report*. Scottish Bankers Mag., Apr., 1918. Pp. 9. The year 1917 established a new record in the published returns of the London clearing house. Government loans and payments, high prices, and extended credits had their effect.
- The progress of banking in Great Britain and Ireland during 1917*. Bankers' Mag. (London), Apr., 1918. Pp. 22. The ratio of capital and "reserves" to deposits and circulation again shows diminution.
- The progress of banking in Great Britain and Ireland during 1917*. Bankers' Mag. (London), May, 1918. Pp. 15. The proportion of cash to deposits remained unchanged during the year 1917.
- The trade acceptance in the supply field*. Ry. Age, May 17, 1918. Pp. 3. The use of the trade acceptance as a means of financing the purchases of supplies by the railways, now in arrears, would give the supply trade liquid assets rather than open book accounts.

### Public Finance

(Abstracts by Charles P. Huse)

- AYRES, P. W. *Forest taxation and the farmer*. Bull. Nat. Tax Assoc., Apr., 1918. Pp. 3. Holds New Hampshire's tax system responsible for her great extent of waste forest land.
- BELL, S. *The Cambridge system of real estate assessment*. Bull. Nat. Tax. Assoc., May, 1918. Pp. 3. Cambridge (Mass.) has adopted the square foot as the unit of value in the case of land and the cubic foot in the case of buildings.
- BULLOCK, C. J. *The operation of the Massachusetts income tax*. Quart. Journ. Econ., May, 1918. Pp. 8. In its first year the new law brought more than

four times as much intangible personalty under taxation and substantially increased the revenue from this source.

CANNAN, E. *Reports on national expenditure*. Econ. Journ., Mar., 1918. Pp. 6. A critical examination of British war finance.

CARTER, G. R., and HOUGHTON, H. W. *Income tax on wages, by quarterly assessments*. Econ. Journ., Mar., 1918. Pp. 13. Suggests changes in the methods of assessing the British income tax on wages in order to remove the present great unrest among laborers caused by the lower minimum.

FAIRCHILD, F. R. *Equity in the taxation of foreign corporations*. Part I. Bull. Nat. Tax. Assoc., May, 1918. Pp. 5. Discusses this perplexing question in a helpful way.

FALCK, E. *Le budget des services civils de l'exercice 1918*. Journ. des Econ., Mar., 1918. Pp. 10. A critical study of the new French taxes.

FAWCETT, W. *Interpretation for real estate men of the income and war profits tax*. Nat. Real Estate Journ., Feb., 1918.

FISHER, I. *The right and wrong way of financing the war*. Trust Companies, May, 1918. Pp. 5. To avoid inflation, Liberty Loans should be paid for out of current savings.

FLETCHER, F. N. *The situs of the intangible*. Bull. Nat. Tax Assoc., Apr., 1918. Pp. 2. Gives the court decision in the case of a power company operating in both Nevada and California.

GRAHAM, B. *Will war taxation affect dividends?* Mag. of Wall St., June 22, 1918. Pp. 5. Though earnings of most companies are adequate the lack of cash may lead some to reduce dividends.

GRIZOTTI, B. *Teoria dell' ammortamento dell imposte e sue applicazioni*. Giorn. d. Econ., Feb., 1918. Pp. 31.

HARISTOV, J. *Chronique du mouvement législatif: l'impôt sur le revenu*. Rev. Sci. Legis. Finan., Jan.-Mar., 1918. Pp. 6. Gives the final steps in the enactment of the French general income tax of 1917.

JÈZE, G. *Les finances de guerre de l'Angleterre: la progression des dépenses publiques. Le contrôle financier*. Rev. Sci. Legis. Finan., Jan.-Mar., 1918. Pp. 43. Continues a critical study of the course of public expenditures and the methods used to control them in England.

MCCLOY, J. F. *Fallacies regarding inheritance or death taxes*. Trust Companies, Mar., 1918. Pp. 3. An interesting account of the methods used by legislatures to prevent evasion of inheritance taxes.

MCCLOY, J. F. *Some fallacies regarding inheritance or death taxes*. Case & Comment, June, 1918. Pp. 4. The common belief that transfers before death are not taxable is erroneous.

MCPHERSON, J. B. *The trials of the wool industry*. Bull. Nat. Assoc. Wool Mfrs., Apr., 1918. Pp. 31. A tariff history.

GIDE, C. *Des projets d'entente financière après la guerre*. Rev. d'Econ. Pol., Jan., Feb., 1918. Pp. 16. Discusses various plans for coöperation in dealing with the war debts of the Allies.



- PLEHN, C. C. *A study of the incidence of an increment value land tax.* Quart. Journ. Econ., May, 1918. Pp. 20. Using the British tax as an illustration, author calculates that the effects on present values are not very great.
- PLEHN, C. C. *Substance and shadow in war finance.* Am. Econ. Rev., Sept., 1918. Pp. 15.
- PRATO, G. *"Cio che non si vede" del costo della guerra.* Rif. Soc., Jan., Feb., 1918. Pp. 28.
- RAFFALOVICH, A. *Les finances allemandes.* L'Econ. Franç., Apr. 27, 1918. Pp. 4. An account of the operations of the Bank of Germany and of the measures taken by the government to stabilize foreign exchange.
- RAFFALOVICH, A. *Les finances turques.* L'Econ. Franç., May 11, 1918. Pp. 3. Turkey has financed the war by German loans and by heavy issues of paper money.
- RIST, C. *Les deux derniers emprunts allemands.* Rev. d'Econ. Pol., Jan., Feb., 1918. Pp. 16. Describes the methods by which Germany raises her war loans.
- ROBERSON, F. *Recent fiscal legislation in Mississippi.* Bull. Nat. Tax Assoc., May, 1918. Pp. 3. The legislature of 1918 enacted many financial reforms, such as budget system and laws extending the power of the state tax commission.
- SELIGMAN, E. R. A. *Les finances de guerre des Etats-Unis: le war revenue act de 1917.* Rev. Sci. Légis. Finan., Jan.-Mar., 1918. Pp. 45. Analyzes the war revenues act of 1917 after tracing briefly the course of federal finances since 1909.
- SHINGARER, A. I. *Russia's war finance.* Russian Rev., Apr., 1918. Pp. 20. An excellent review of Russian finance from 1914 to 1917 by the minister of finance in the second cabinet of the provisional government.
- TUCKER, R. H. *The budget system and popular control.* S. Atlantic Quart., Apr., 1918. Pp. 17. Contrasts the British and American budget systems and points out need for reform in this country.
- WADE, F. C. *Tax reform in western Canada.* Bull. Nat. Tax Assoc., Apr., 1918. Pp. 6. Believes the single tax has been a failure and advocates the graduated business tax as a means of raising sorely needed revenue in western Canada.
- WILLIAMS, W. M. J. *Le prochain budget britannique, 1918.* Journ. des Econ., Apr., 1918. Pp. 17. Gives especial attention to the question of wasteful expenditures.
- WILLOUGHBY, W. W. *Budgetary procedure in its relation to representative government.* Yale Law Journ., Apr., 1918. Pp. 12. Points out the advantages that would come from giving the President power to submit and revise the estimates.
- WOODWORTH, L. D. *A deadlock in tax reform.* Bull. Nat. Tax Assoc., May, 1918. Pp. 3. A plea for relief from the heavy burden on New York real estate.

*Maintain the Smith tax law.* Ohio Journ. Commerce, Feb., 1918. Pp. 13.

*The third liberty loan: its economic aspects and successful distribution.* Trust Companies, May, 1918. Pp. 5. Analyses subscriptions and describes methods used in securing them.

*The war finances of the principal belligerent nations.* Econ. Wld., Apr. 27, 1918. Pp. 3. A brief statement of the finances of Great Britain, Canada, Australia, New Zealand, and South Africa. (2) Gives financial statistics for France and Russia. (3) A brief statement of the war finances of Germany, Austria, and Hungary.

*The real objection to the cheque tax.* New Statesman, May 18, 1918. Pp. 2. The proposed increase in the British stamp tax on checks will discourage the growing use of checking accounts.

*Les impôts cédulaires: l'impôt sur les bénéfices industriels et commerciaux.* L'Econ. Franç., Apr. 6, 1918. Pp. 3. A critical discussion of the new business written in both periods.

*Le nouveau projet sur le régime de l'alcool.* L'Econ. Franç., Mar. 23, 1918. Pp. 3. Gives a brief history of alcohol production in France and describes the plan for a state monopoly of its sale.

### Insurance and Pensions

(Abstracts by Henry J. Harris)

ANGELL, E. *Recovery under workmen's compensation acts for injury abroad.* Harvard Law Rev., Feb., 1918. Pp. 17. Review of court decisions in cases on this question.

BURNETT, P. *Life insurance in the United States in the Civil War period and during the present war years.* Apr. 27, 1918. P. 1. Striking expansion in business written in both periods.

CHANDLER, W. L. *The employees' benefit association.* IV. Indus. Management, Apr., 1918. Pp. 5. Amount of benefits for sickness, etc., paid by a number of associations.

CHUBB, H. *American marine insurance: its history and future.* Econ. Wld., Apr. 27, 1918. Pp. 3. Development of business, form of contracts and future prospects.

DAWSON, M. M. *Life insurance in the United States after the war.* Econ. Wld., May 4, 1918. Pp. 2. The military and naval insurance of the government will stimulate interest in natural premium insurance and may induce the taking of larger policies.

DOUGLAS, P. H. *The war risk insurance act.* Journ. Pol. Econ., May, 1918. Pp. 22. Description of the soldiers and sailors insurance act.

EINAUDI, L. *The war loan life insurance plan of the National Insurance Institution of Italy.* Econ. Wld., June 8, 1918. Pp. 2. Subscribers may pay small monthly amounts and at end of 15 years, or at prior death, receive war loan bonds (5 per cent) in any amount not exceeding 20,000 lire.

FITCH, J. A. *For value received. A discussion of industrial pensions.* Sur-

- vey, May 25, 1918. Pp. 4. The opposition of employees to the usual type of these pensions is well founded.
- GEPHART, W. F. *The broadening and deepening of the conception of insurance brought about by the war.* Econ. Wld., May 4, 1918. Pp. 2. Summary of the widening aspect of the various forms of insurance.
- HALSEY, O. S. *Health insurance. The coöperative means of meeting sickness costs.* Intercollegiate Socialist, Apr.-May, 1918. Pp. 4. Explanation of the features of the American Association for Labor Legislation's bill.
- HARRIS, H. J. *German accident and invalidity insurance in 1916.* Am. Econ. Rev., Sept., 1918. P. 1.
- HARRIS, H. J. *Sickness insurance and employers' associations.* Am. Econ. Rev., Sept., 1918. Pp. 2.
- HARRIS, H. J. *The workmen's compensation service bureau.* Am. Econ. Rev., Sept., 1918. Pp. 2.
- HOCKSTADT, C. *Adequacy of workmen's compensation laws.* Mo. Rev. U. S. Bur. Labor Stat., Apr., 1918. Pp. 12. About 31.3 per cent of the employees in compensation states are not included, while benefits are far from adequate. From 50 to 75 per cent of the cost of industrial accidents is borne by the employee.
- LANGSTAFF, M. P. *Should the policy dividends of life insurance companies be reduced during the war period?* Econ. Wld., May 19, 1918. Pp. 2. Interest earnings call for no retrenchment; the mortality and expense (administration) costs, demand a considerable reduction. Based on Canadian experience.
- MORRISON, C. E. *Experiment in insurance coöperation.* Elec. Wld., May 25, 1918. Pp. 2. The utilities mutual insurance company of New York, consisting of 100 gas and electric plants, has a record of low compensation costs, due largely to safety measures.
- NATIONAL INDUSTRIAL CONFERENCE BOARD. *Sickness insurance or sickness prevention?* Econ. Wld., May 18, June 1, 1918. Pp. 2, 3.
- RICHARDSON, F. *Twenty-five years of casualty insurance.* Econ. Wld., Mar. 30, 1918. Pp. 4. Growth and changes in the business.
- RIETZ, H. L. *Pensions for public employees.* Am. Pol. Sci. Rev., May, 1918. Pp. 3. The state legislation enacted in 1917 contained many laws which took little or no account of future costs; a few states, however, passed laws based on sound principles.
- WHITNEY, A. L. *Establishment disability funds, pension funds, and group insurance for employees.* Mo. Rev. U. S. Bur. Labor Stat., Feb., 1918. Pp. 3. Analysis of benefits, pensions, etc., provided by establishments. The Bureau found 75 firms with over a million employees which provided old-age or retirement pensions.
- Bankers' superannuation and pension funds.* Bankers' Mag., Apr., 1918. Pp. 9. List of banks having such funds in Great Britain and the dominions.
- Government insurance sales cut on hulls and cargoes.* Official Bull., May 10, 1918. P. 2. Reduced from 3 to 2 per cent.

- Government life insurance in Queensland.* Econ. Wld., Apr. 6, 1918. Pp. 2. Terms and premiums of policies offered by the new government office, with comparison of private companies' rates.
- Group life insurance at southern cotton mills.* Econ. Wld., Mar. 30, 1918. P. 1. Has reduced labor turnover, increased efficiency and made labor more contented.
- Study of compulsory health insurance.* Journ. Nat. Assoc. Ret. Druggists, Mar. 21, 1918. Pp. 7. Report of committee.
- Nachweisung über die gesammten Rechnungsergebnisse . . . der Unfallversicherung für das Jahr 1916.* Amtl. Nachrichten des Reichsversicherungsamts, Jan., 1918. Pp. 78. Annual report of the carriers of the accident insurance.
- Nachweisung über die Geschäfts- und Rechnungsergebnisse . . . der Invalidenversicherung, 1916.* Amtl. Nachrichten d. R. V. A., Jan., 1918. Pp. 66. Annual report on the operations of the carriers of the invalidity, old-age, and survivors' insurance.

### Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

- BACKER, D. F. DE. *Orphelins de la guerre et villages d'enfants.* Réf. Soc., Mar. 1-16, 1918. It is feared that there will be 2,500,000 war orphans in France. At present there are 1,800,000.
- HENDERSON, E. F. *War orphans and child welfare in Germany.* Survey, Apr. 13, 1918. Pp. 1918. Gives figures showing startling increase of tuberculosis among children; also indicates methods of child welfare work now in operation.
- LAMB, E. M. *Four Catholic charitable societies.* Catholic Charities Rev., Apr., 1918. A bird's-eye view of the St. Vincent de Paul Society, Sisters of Charity, the Little Sisters of the Poor, and The Grey Nuns.
- LATHROP, J. C. *Provision for the care of the families and dependents of soldiers and sailors.* Pro. Acad. Pol. Sci., vol. VII, no. 4, 1918. An analysis of the federal law providing for allotments and allowances to the families of soldiers. Also a brief discussion of the compensation features and re-education of the disabled.
- MCCURTIE, D. C. *The passing of the war pension.* N. J. State Research, Feb., 1918. Account of results obtained in several of the warring countries in reeducating crippled soldiers; also brief outline of the American program; accompanied by excellent illustrations.
- MCINTIRE, R. *Child labor and juvenile delinquency.* Journ. Delinquency, May, 1918. A statistical study of 614 delinquent working boys. A direct connection between the delinquency and the occupation is claimed in 28.5 per cent of the cases.
- MUNROE, J. P. *The war's crippled. How they may be made assets both to themselves and to society.* Survey, May 18, 1918. Principles to be observed in arranging for the settlement of disabled soldiers on the land after the war.

ORDAHL, G. and L. E. *A study of delinquent and dependent girls.* Journ. Delinquency, Mar., 1918. Discusses mentality, health and disease, causes of commitment, education and causes of pedagogical retardation. According to the figures 22.9 per cent of the girls are definitely feeble-minded, the majority were committed because of immorality and 58 per cent of the immorality was due to low grade intelligence.

*New French law relating to the rehabilitation of disabled soldiers.* Mo. Rev. U. S. Bur. Labor Stat., May, 1918. A copy of the French law of 1918 giving the minister of labor charge of the work of reëducating and providing for the employment of disabled soldiers.

*Training and employment of disabled soldiers and civilians in Germany.* Mo. Rev. U. S. Bur. Labor Stat., Apr., 1918. Deals with the physical and vocational rehabilitation of the crippled soldier.

## NOTES

Since May 1, 1918, the following names have been added to the membership of the American Economic Association:

Andrew, Seymour L., 195 Broadway, New York, N. Y.  
Blum, Solomon, 1611 Euclid Ave., Berkeley, Calif.  
Boyd, T. C., Edmonton, Alberta, Canada.  
Chalmers, Henry, U. S. Tariff Commission, Washington, D. C.  
Fiddymont, S. C., P. O. Box 133, Williamsport, Pa.  
Fosdick, E. H., Goldendale, Wash.  
Gray, Edward, Richmond, Va.  
Hartmann, Arnold, 483 Dedham St., Newton Centre, Mass.  
Hoechstetter, Louis, 29 Diamond Sq., Pittsburgh, Pa.  
Holtz, H. T., 38 S. La Salle St., Chicago, Ill.  
Horton, L. L., Chamber of Commerce Bldg., Rochester, N. Y.  
Howe, James H., 945 Leland Ave., Chicago, Ill.  
Jones, Fred G., Brook and A Sts., Louisville, Ky.  
Lamadrid, Dr. L., Banos No. 13, Vedado, Havana, Cuba.  
Lambert, R. M., Cincinnati, Ohio.  
Lamont, Thomas W., 23 Wall St., New York, N. Y.  
Lihme, C. Bai, 1200 Lake Shore Drive, Chicago, Ill.  
Mikkelsen, Michael A., R. F. D. Route 2, Danbury, Conn.  
Noonan, D. T., Pittsfield, Mass.  
Percy, Lord Eustace, Foreign Office, Whitehall, London, S. W., England.  
Pond, Clarke P., David Lupton's Sons Co., Philadelphia, Pa.  
Schefer, Anton H., 315 Fourth Av., New York City.  
Scripps, E. W., Winter Bank Bldg., Cincinnati, Ohio.  
Shaw, H. L., 58 Eastern Ave., Boston, Mass.  
Smilie, R. H., 422 Montgomery St., San Francisco, Calif.  
Stangeland, Charles R., Bethlehem, Pa.  
Stephens, R. W., 215 W. Jackson Blvd., Chicago, Ill.  
Stine, Oscar C., Office of Farm Management, Washington, D. C.  
Vey, Charles M., 5933 Baum Blvd., Pittsburgh, Pa.  
Wilson, Hugh M., Stockbridge, Mass.

Among the various committees on the economic problems of the war thus far appointed by the American Economic Association are: Committee on the Purchasing Power of Money in Relation to War—Irving Fisher, chairman; Committee on Price Fixing—T. N. Carver, chairman; Committee on War Finance—E. R. A. Seligman, chairman; Committee on Labor—John R. Commons, chairman; Committee on Marketing—L. D. H. Weld, chairman.

The Committee on the Purchasing Power of Money in Relation to War has issued four reports, which have been published in the newspapers, and some of which have been given publicity by the Bureau of Publicity of War Savings, of the Treasury Department.

Under the Public Health Service of the Treasury Department, a study is being made of some 4,000 families of cotton mill workers, with a view to determining the relationship of income, food supply, health, and unemployment. The investigation is intended primarily to determine the causes of pellagra. Dr. Joseph Goldberger is in charge of the work, and Mr. Edgar Sydenstricker and Dr. Willford I. King are directing the economic and statistical study.

Professor Frank H. Dixon has resigned as chief statistician of the Bureau of Railway Economics and the position has been abolished. The bureau has been continued by the railway corporations until December 31, 1918, in charge of its statistician, Dr. Julius H. Parmelee, pending determination of its future status. The maintenance of its library has been assumed by the Federal Railroad Administration during the period of government operation.

Mr. Arthur Travers-Borgstroem, Clarens, Switzerland, has made a donation to the University of Berne, with a view to the establishment of an international competition on the subject of Nationalization of Credit. A memorandum accompanying this announcement outlines the nature of the inquiry as follows: A. The elaboration of a general program for the establishment in a given country of a state monopoly of banking and insurance on a purely commercial basis; B. The drafting of a law for that particular country, relative to the creation and organization of the above-mentioned monopoly, together with measures providing against any violation of such law; C. Statistics regarding the present economic and financial conditions of the country in question, compared with those existing prior to the war, and a complete estimate of the necessary expense for starting the new monopoly and operating the same. The competition is open to every one, without distinction of nationality or profession. The following prizes are to be awarded: First prize, 25,000 francs; second prize, 20,000 francs; third prize, 10,000 francs. Fifteen accessory prizes of 3,000 francs each will be distributed for the best essays on any of the following ten countries: Belgium, Finland, France, Germany, Holland, Italy, Japan, Russia, Switzerland, United States; or on any country belonging to one of the following five groups: Central and South America, Austria-Hungary and the Balkans, the British Empire, Spain and Portugal, the Scandinavian states. A copy of this memorandum can be obtained from the board of management, Professor J. H. Graf, secretary, University of Berne. The final date for the presentation of essays is fixed for March 31, 1922.



A book of *Readings on the Economics of War* is being prepared by Professors J. Maurice Clark, Walton H. Hamilton, and H. G. Moulton, and will soon be published by the University of Chicago Press.

The Education Committee of the Investment Bankers Association of America, through its chairman, Lawrence Chamberlain, announces that in addition to the syllabus on corporation finance already published there are in preparation texts on Mortgages, by Mr. Lilly; on Stock Exchanges, by S. S. Huebner; and on Public Utilities, by Thomas Conway.

Copies of the address by Glen L. Swiggett, of the federal Bureau of Education, on *Educational Preparation for Foreign Service*, may be had of O. K. Davis, secretary of the National Foreign Trade Council, 1 Hanover Square, New York City.

An American edition of Clay's *Economics for the General Reader* is being prepared by Professor Agger of Columbia University, and will be ready for use during the current month (Macmillan).

The Bureau of Business Research, of Harvard University, has begun the study of the retail hardware trade, which will be similar to its study of the shoe and grocery trades.

Proceedings of the Second National Conference of Health Insurance Commissioners, held at Cleveland, May 13 and 14, are published in condensed form in the *American Labor Legislation Review* for June. Seven of the eight official state bodies now studying the subject were represented, and among the topics discussed were: scope and methods of investigation; distributing the burden of sickness; dispensary, visiting nurse, and midwife service; educating the public; attitude of labor and of employers; prevention of sickness, industrial diseases; and wartime extensions of social insurance. The issue also contains extracts from British medical reports, showing the present general approval of the national Health Insurance act by British physicians.

The Library of Congress has published *A List of American Doctoral Dissertations Printed in 1916*, continuing the list begun in 1912 (Washington, pp. 206).

Since the preparation of the lists of New Books the following have been received:

H. Bradley, *The Enclosures in England* (Longmans).

W. B. Castenholz, *Auditing Procedure* (LaSalle).

R. L. Hale, *Valuation and Rate-Making* (Longmans).

M. B. Ignatius, *Financing Public Service Corporations* (Ronald).

J. Koren, *The History of Statistics* (Macmillan).

I. L. Pollock, *History of Economic Legislation in Iowa* (Historical Society of Iowa).

The July issue of *The Annals* of the American Academy of Political and Social Science is devoted to the subject of "Mobilizing America's resources for war." There are six parts: 1, mobilizing the population; 2, national health; 3, labor efficiency; 4, the making of a war budget; 5, the food problem; and 6, mobilization of the public mind.

In January of this year was begun the publication of *Workmen's Compensation Law Journal*, issued monthly by C. C. Hine's Sons Company, 100 William Street, New York (\$10 per annum).

Announcement is made of the publication of a new journal, *Levant American Commercial Review* (27 William Street, New York).

A new house journal is *Chase*, a monthly magazine published in the interests of the Chase Bank Club of New York.

The May-June issue of *Salesmanship* contains a complete report of all the addresses discussing the status of business during the war, delivered at the third annual session of the World's Salesmanship Congress held at Detroit April 24-27, 1918 (Kresge Building, Detroit, Mich.).

The National Single Tax League is publishing a monthly, entitled *The Bulletin*, now in its second year (56 East Johnson Street, Philadelphia, 50 cents per annum).

#### *Appointments and Resignations*

Professor B. M. Anderson, Jr., has resigned from Harvard University and has accepted a position as economic adviser at the National Bank of Commerce, New York City.

Professor John H. Ashworth, professor of economics and political science at Pennsylvania College, has been appointed professor of sociology at Ohio Wesleyan University. He will also have some work in economics.

Professor Spurgeon Bell, head of the School of Business Administration at the University of Texas, is in charge of statistical work for the General Staff at Washington with the rank of major.

Professor E. L. Bogart has been granted sabbatical leave of absence from the University of Illinois for the ensuing year, which he will spend in New York City.

Professor Frank T. Carlton, of Albion College, offered courses in the Bay View University summer school and was acting president for the 1918 session.

Professor D. D. Carroll, formerly of Hunter College, New York City, has been elected professor of economics in the University of North Carolina.

Dr. Vandever Custis, associate professor of economics at the University of Washington, has been doing work during the summer for the Federal Trade Commission.

Professor Frederic S. Deibler, of the Northwestern University School of Commerce, has been serving as adviser in the Meat Division of the United States Food Administration, and as assistant to the examiner in Great Lakes District to adjust labor disputes, operating under the Shipbuilding Labor Adjustment Board.

Mr. S. H. De Vault has resigned as research assistant in the department of agricultural economics at the Massachusetts Agricultural College.

Professor C. W. Doten, of the Massachusetts Institute of Technology, has been advanced to executive head of the Industrial Service Section of the Emergency Fleet Corporation, with offices at Philadelphia. He succeeds Meyer Bloomfield who has been made advisory councillor on industrial service and employment.

Professor G. W. Dowrie has resigned from the University of Michigan to accept a position at the University of Minnesota.

Dr. W. H. Dreesen, who has been instructor in economics in the University of Illinois, has been appointed professor of business organization at Oregon Agricultural College.

Dr. Horace B. Drury, formerly instructor in the department of economics and sociology, Ohio State University, is now employed as special expert with the United States Shipping Board.

Professor W. M. Duffus, of the University of Kansas, has been making an investigation of the activities of the commercial insurance companies and fraternal orders for the Health Insurance Commission of Illinois.

Assistant Professor C. S. Duncan, of the University of Chicago, has been granted leave of absence to take up work with the War Trade Board at Washington.

Dr. Richard T. Ely, of the University of Wisconsin, has been appointed adviser of the Carnegie Corporation in its investigation of plans for Americanization and rural settlement in the United States. He is acting especially with Dr. Peter A. Speck who is conducting field work, in which, however, Dr. Ely will coöperate.

Professor Minnie T. England, of the University of Nebraska, has been appointed state chairman of the Department of Women in Industry of the National Women's Committee.

Mr. J. Anderson Fitzgerald, of the College of Commerce of Toledo University, has been appointed adjunct professor of business administration in the School of Business Administration of the University of Texas.

Dean E. F. Gay, of Harvard University, has leave of absence for the year 1918-19, in order to continue his work with the Commercial Economy Board, Council of National Defense, and as director of the Division of Planning and Statistics of the Shipping Board. In June the degree of LL.D. was conferred upon Dean Gay by Harvard University.

Professor S. N. B. Gras, of Clark College, has been appointed professor of economic history in the University of Minnesota.

Mr. E. S. Gregg, instructor in economics at the University of Texas, is serving as a statistician in the War Department with the rank of lieutenant.

Dr. J. Anton de Haas has resigned his position in the College of Commerce at Ohio State University to accept a professorship at the University of Washington. During the summer Professor de Haas lectured on foreign trade and industrial management in the School of Business of Columbia University.

Professor M. B. Hammond, of Ohio State University, is on leave of absence and is in charge of the Labor Division of the United States Food Administration and a member of the War Labor Policies Board.

Professor Max Handman, of the University of Texas, is doing research in New York City for the Carnegie Corporation.

Dr. Charles Oscar Hardy, of Ottawa University, has been appointed lecturer in economics at the University of Chicago.

Dr. Albert C. Hodge, instructor in economics in the University of Minnesota, has been appointed lecturer in economics in the University of Chicago, and will also teach accounting.

Professor Earl Dean Howard, of the Northwestern University School of Commerce, is director of the Bureau of Industrial Relations of the Chamber of Commerce of the United States.

Dr. Stanley E. Howard has resigned his position as assistant professor in economics at Dartmouth College to accept a similar position at Princeton University.

Professor Edward D. Jones is on leave of absence from the University of Michigan and is director of Course Materials for the Employment Management Division of the War Industries Board.

Professor E. W. Kemmerer, of Princeton University, devoted the summer months to work in the New York Federal Reserve Bank in the line of developing and organizing the statistical work of the bank.

Professor J. E. Le Rossignol, of the University of Nebraska, is chairman of the Lancaster County Fuel Committee.

Mr. J. A. McKinsey, of the University of Chicago, has been appointed a second lieutenant in the Ordnance Service.

Professor O. C. Lockhart, of Ohio State University, is engaged during the summer in the income tax department of the National Bank of Commerce, New York City.

Miss Mary Louise Mark, instructor in economics and sociology in Ohio State University, has been made assistant professor of economics and sociology in the same institution. During the summer Miss Mark is directing a health survey of Ohio for the Ohio Health and Old Age Insurance Commission.

Dean L. C. Marshall, of the University of Chicago, is director of the Industrial Relations Division under the Emergency Fleet Corporation, United Shipping Board.

Associate Professor O. R. Martin, of the University of Nebraska, has been advanced to the rank of professor.

Professor H. A. Millis, of the University of Chicago, is serving as secretary of the Health Insurance Commission of Illinois and is directing its investigations.

Assistant Professor Cecil C. North, of the department of economics

and sociology at Ohio State University, has been advanced to a professorship.

Professor E. G. Nourse has resigned his position as head of the department of economics and sociology at the University of Arkansas and has accepted an appointment as professor of agricultural economics at Iowa State College.

Professor W. F. Ogburn, of the University of Washington, is serving as statistician for the National War Labor Board at Washington.

Mr. Guy Meredith Pelton has been appointed assistant professor in accounting at the Northwestern University School of Commerce.

Assistant Professor Carl E. Parry has been advanced to a professorship in the Ohio State University.

Assistant Professor Chester A. Phillips, of Dartmouth College, has been advanced to a full professorship.

Dr. John B. Phillips has been appointed a professor in the department of economics and sociology at Indiana University.

Dr. George E. Putnam, of Washington University, has been doing work for the Tariff Commission at Washington during the summer.

Mr. Jesse H. Riddle has been appointed an instructor in economics at Dartmouth College.

Professor Louis N. Robinson, professor of economics at Swarthmore College, has been made chief probation officer of the Philadelphia Municipal Court.

Dr. W. A. Robinson, formerly at Adrian College and at Olivet College, has been appointed professor of economics in Willamette University, Salem, Oregon.

Mr. Harold V. Roelse, assistant in the department of economics at the University of Wisconsin, is now statistician with the Ammunition Productions Division of the Ordnance Department, Washington.

Dr. Earl A. Saliers has been on leave of absence from Yale University for the six months period ending September 30, engaged on special work for the Accounts Department of the Bureau of Aircraft Production.

Mr. Donald W. Sawtelle has been appointed instructor in agricultural economics at the Massachusetts Agricultural College.

Professor William O. Scroggs, of the Louisiana State University,

has had charge of the course in economics in the first term of the University of Texas summer school.

Professor O. M. W. Sprague has been granted leave of absence from Harvard University for the year 1918-19, and is chairman of the Committee on After-the-War Industrial Readjustment under the Council of National Defense.

Associate Professor G. A. Stephens, of the University of Nebraska, has been advanced to the rank of professor and granted an additional year's leave of absence to continue his work with the Federal Trade Commission.

Dr. Charles L. Stewart, of the University of Illinois, has been appointed head of the department of economics and sociology at the University of Arkansas.

Professor A. E. Suffern, of Beloit College, has been making a study of trade union benefits and employers establishment funds for the Health Insurance Commission of Illinois.

Dean Arthur E. Swanson, of the Northwestern University School of Commerce, has been made director of the Bureau of Research of the War Trade Board at Washington.

Mr. David Terry gave, last semester, a course of lectures on child welfare in the School of Economics of Pittsburgh University.

Professor J. E. Trelevan, of the School of Business Administration at the University of Texas, is serving in the Statistical Division of the General Staff at Washington with the rank of major.

Mr. Rexford Tugwell, assistant professor of economics at the University of Washington, is on leave of absence and is working under the American Universities Union in Paris.

Mr. Simon E. Twining, Procter Fellow 1917-18 in Princeton University, has been given leave of absence to do special field work in the marketing of wheat for the Federal Trade Commission.

Dr. Nathaniel R. Whitney, who has been assistant professor of economics in the State University of Iowa, has been appointed associate professor of finance.

Dr. H. Parker Willis has resigned his position as secretary of the Federal Reserve Board and has been appointed professor of banking at Columbia University.



Professor A. B. Wolfe is with the Emergency Fleet Corporation, Philadelphia, in charge of the Investigation Service of the Industrial Relations Division.

Professor F. E. Wolfe, of Ohio Wesleyan University, has been engaged during the summer in research work on the staff of Professor L. C. Marshall in the Industrial Relations Division of the Emergency Fleet Corporation.

Professor E. J. Young has resigned from the College of Commerce and Business Administration of the University of Illinois to accept a position with the Union Colliery Company of St. Louis.

